

AMENDMENT NO. _____ Calendar No. _____

Purpose: To amend the Internal Revenue Code of 1986 to provide tax incentives for the production of energy, the production of domestic fuel, and energy conservation and efficiency.

IN THE SENATE OF THE UNITED STATES—110th Cong., 2d Sess.

H. R. 6049

To amend the Internal Revenue Code of 1986 to provide incentives for energy production and conservation, to extend certain expiring provisions, to provide individual income tax relief, and for other purposes.

Referred to the Committee on _____ and
ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT IN THE NATURE OF A SUBSTITUTE intended
to be proposed by Mr. BAUCUS (for himself, Mr. GRASS-
LEY, and Mr. REID)

Viz:

- 1 Strike all after the enacting clause and insert the fol-
- 2 lowing:
- 3 **SECTION 1. SHORT TITLE, ETC.**
- 4 (a) SHORT TITLE.—This Act may be cited as the
- 5 “Energy Improvement and Extension Act of 2008”.

1 (b) REFERENCE.—Except as otherwise expressly pro-
2 vided, whenever in this Act an amendment or repeal is
3 expressed in terms of an amendment to, or repeal of, a
4 section or other provision, the reference shall be consid-
5 ered to be made to a section or other provision of the In-
6 ternal Revenue Code of 1986.

7 (c) TABLE OF CONTENTS.—The table of contents for
8 this Act is as follows:

Sec. 1. Short title, etc.

TITLE I—ENERGY PRODUCTION INCENTIVES

Subtitle A—Renewable Energy Incentives

- Sec. 101. Renewable energy credit.
- Sec. 102. Production credit for electricity produced from marine renewables.
- Sec. 103. Energy credit.
- Sec. 104. Energy credit for small wind property.
- Sec. 105. Energy credit for geothermal heat pump systems.
- Sec. 106. Credit for residential energy efficient property.
- Sec. 107. New clean renewable energy bonds.
- Sec. 108. Credit for steel industry fuel.
- Sec. 109. Special rule to implement FERC and State electric restructuring policy.

Subtitle B—Carbon Mitigation and Coal Provisions

- Sec. 111. Expansion and modification of advanced coal project investment credit.
- Sec. 112. Expansion and modification of coal gasification investment credit.
- Sec. 113. Temporary increase in coal excise tax; funding of Black Lung Disability Trust Fund.
- Sec. 114. Special rules for refund of the coal excise tax to certain coal producers and exporters.
- Sec. 115. Tax credit for carbon dioxide sequestration.
- Sec. 116. Certain income and gains relating to industrial source carbon dioxide treated as qualifying income for publicly traded partnerships.
- Sec. 117. Carbon audit of the tax code.

TITLE II—TRANSPORTATION AND DOMESTIC FUEL SECURITY PROVISIONS

- Sec. 201. Inclusion of cellulosic biofuel in bonus depreciation for biomass ethanol plant property.
- Sec. 202. Credits for biodiesel and renewable diesel.
- Sec. 203. Clarification that credits for fuel are designed to provide an incentive for United States production.

- Sec. 204. Extension and modification of alternative fuel credit.
 Sec. 205. Credit for new qualified plug-in electric drive motor vehicles.
 Sec. 206. Exclusion from heavy truck tax for idling reduction units and advanced insulation.
 Sec. 207. Alternative fuel vehicle refueling property credit.
 Sec. 208. Certain income and gains relating to alcohol fuels and mixtures, biodiesel fuels and mixtures, and alternative fuels and mixtures treated as qualifying income for publicly traded partnerships.
 Sec. 209. Extension and modification of election to expense certain refineries.
 Sec. 210. Extension of suspension of taxable income limit on percentage depletion for oil and natural gas produced from marginal properties.
 Sec. 211. Transportation fringe benefit to bicycle commuters.

TITLE III—ENERGY CONSERVATION AND EFFICIENCY
 PROVISIONS

- Sec. 301. Qualified energy conservation bonds.
 Sec. 302. Credit for nonbusiness energy property.
 Sec. 303. Energy efficient commercial buildings deduction.
 Sec. 304. New energy efficient home credit.
 Sec. 305. Modifications of energy efficient appliance credit for appliances produced after 2007.
 Sec. 306. Accelerated recovery period for depreciation of smart meters and smart grid systems.
 Sec. 307. Qualified green building and sustainable design projects.
 Sec. 308. Special depreciation allowance for certain reuse and recycling property.

TITLE IV—REVENUE PROVISIONS

- Sec. 401. Limitation of deduction for income attributable to domestic production of oil, gas, or primary products thereof.
 Sec. 402. Elimination of the different treatment of foreign oil and gas extraction income and foreign oil related income for purposes of the foreign tax credit.
 Sec. 403. Broker reporting of customer's basis in securities transactions.
 Sec. 404. 0.2 percent FUTA surtax.
 Sec. 405. Increase and extension of Oil Spill Liability Trust Fund tax.

1 **TITLE I—ENERGY PRODUCTION**
 2 **INCENTIVES**

3 **Subtitle A—Renewable Energy**
 4 **Incentives**

5 **SEC. 101. RENEWABLE ENERGY CREDIT.**

6 (a) EXTENSION OF CREDIT.—

7 (1) 1-YEAR EXTENSION FOR WIND AND RE-
 8 FINED COAL FACILITIES.—Paragraphs (1) and (8)

1 of section 45(d) are each amended by striking “Jan-
2 uary 1, 2009” and inserting “January 1, 2010”.

3 (2) 2-YEAR EXTENSION FOR CERTAIN OTHER
4 FACILITIES.—Each of the following provisions of
5 section 45(d) is amended by striking “January 1,
6 2009” and inserting “January 1, 2011”:

7 (A) Clauses (i) and (ii) of paragraph
8 (2)(A).

9 (B) Clauses (i)(I) and (ii) of paragraph
10 (3)(A).

11 (C) Paragraph (4).

12 (D) Paragraph (5).

13 (E) Paragraph (6).

14 (F) Paragraph (7).

15 (G) Subparagraphs (A) and (B) of para-
16 graph (9).

17 (b) MODIFICATION OF REFINED COAL AS A QUALI-
18 FIED ENERGY RESOURCE.—

19 (1) ELIMINATION OF INCREASED MARKET
20 VALUE TEST.—Section 45(c)(7)(A)(i) (defining re-
21 fined coal), as amended by section 108, is amend-
22 ed—

23 (A) by striking subclause (IV),

24 (B) by adding “and” at the end of sub-
25 clause (II), and

1 (C) by striking “, and” at the end of sub-
2 clause (III) and inserting a period.

3 (2) INCREASE IN REQUIRED EMISSION REDUC-
4 TION.—Section 45(c)(7)(B) (defining qualified emis-
5 sion reduction) is amended by inserting “at least 40
6 percent of the emissions of” after “nitrogen oxide
7 and”.

8 (c) TRASH FACILITY CLARIFICATION.—Paragraph
9 (7) of section 45(d) is amended—

10 (1) by striking “facility which burns” and in-
11 sserting “facility (other than a facility described in
12 paragraph (6)) which uses”, and

13 (2) by striking “COMBUSTION”.

14 (d) EXPANSION OF BIOMASS FACILITIES.—

15 (1) OPEN-LOOP BIOMASS FACILITIES.—Para-
16 graph (3) of section 45(d) is amended by redesignig-
17 nating subparagraph (B) as subparagraph (C) and
18 by inserting after subparagraph (A) the following
19 new subparagraph:

20 “(B) EXPANSION OF FACILITY.—Such
21 term shall include a new unit placed in service
22 after the date of the enactment of this subpara-
23 graph in connection with a facility described in
24 subparagraph (A), but only to the extent of the

1 increased amount of electricity produced at the
2 facility by reason of such new unit.”.

3 (2) CLOSED-LOOP BIOMASS FACILITIES.—Para-
4 graph (2) of section 45(d) is amended by redesignig-
5 nating subparagraph (B) as subparagraph (C) and
6 inserting after subparagraph (A) the following new
7 subparagraph:

8 “(B) EXPANSION OF FACILITY.—Such
9 term shall include a new unit placed in service
10 after the date of the enactment of this subpara-
11 graph in connection with a facility described in
12 subparagraph (A)(i), but only to the extent of
13 the increased amount of electricity produced at
14 the facility by reason of such new unit.”.

15 (e) MODIFICATION OF RULES FOR HYDROPOWER
16 PRODUCTION.—Subparagraph (C) of section 45(c)(8) is
17 amended to read as follows:

18 “(C) NONHYDROELECTRIC DAM.—For pur-
19 poses of subparagraph (A), a facility is de-
20 scribed in this subparagraph if—

21 “(i) the hydroelectric project installed
22 on the nonhydroelectric dam is licensed by
23 the Federal Energy Regulatory Commis-
24 sion and meets all other applicable environ-

1 mental, licensing, and regulatory require-
2 ments,

3 “(ii) the nonhydroelectric dam was
4 placed in service before the date of the en-
5 actment of this paragraph and operated
6 for flood control, navigation, or water sup-
7 ply purposes and did not produce hydro-
8 electric power on the date of the enactment
9 of this paragraph, and

10 “(iii) the hydroelectric project is oper-
11 ated so that the water surface elevation at
12 any given location and time that would
13 have occurred in the absence of the hydro-
14 electric project is maintained, subject to
15 any license requirements imposed under
16 applicable law that change the water sur-
17 face elevation for the purpose of improving
18 environmental quality of the affected wa-
19 terway.

20 The Secretary, in consultation with the Federal
21 Energy Regulatory Commission, shall certify if
22 a hydroelectric project licensed at a nonhydro-
23 electric dam meets the criteria in clause (iii).
24 Nothing in this section shall affect the stand-
25 ards under which the Federal Energy Regu-

1 latory Commission issues licenses for and regu-
2 lates hydropower projects under part I of the
3 Federal Power Act.”.

4 (f) EFFECTIVE DATE.—

5 (1) IN GENERAL.—Except as otherwise pro-
6 vided in this subsection, the amendments made by
7 this section shall apply to property originally placed
8 in service after December 31, 2008.

9 (2) REFINED COAL.—The amendments made by
10 subsection (b) shall apply to coal produced and sold
11 from facilities placed in service after December 31,
12 2008.

13 (3) TRASH FACILITY CLARIFICATION.—The
14 amendments made by subsection (c) shall apply to
15 electricity produced and sold after the date of the
16 enactment of this Act.

17 (4) EXPANSION OF BIOMASS FACILITIES.—The
18 amendments made by subsection (d) shall apply to
19 property placed in service after the date of the en-
20 actment of this Act.

21 **SEC. 102. PRODUCTION CREDIT FOR ELECTRICITY PRO-**
22 **DUCTION FROM MARINE RENEWABLES.**

23 (a) IN GENERAL.—Paragraph (1) of section 45(c) is
24 amended by striking “and” at the end of subparagraph
25 (G), by striking the period at the end of subparagraph

1 (H) and inserting “, and”, and by adding at the end the
2 following new subparagraph:

3 “(I) marine and hydrokinetic renewable en-
4 ergy.”.

5 (b) MARINE RENEWABLES.—Subsection (c) of sec-
6 tion 45 is amended by adding at the end the following
7 new paragraph:

8 “(10) MARINE AND HYDROKINETIC RENEW-
9 ABLE ENERGY.—

10 “(A) IN GENERAL.—The term ‘marine and
11 hydrokinetic renewable energy’ means energy
12 derived from—

13 “(i) waves, tides, and currents in
14 oceans, estuaries, and tidal areas,

15 “(ii) free flowing water in rivers,
16 lakes, and streams,

17 “(iii) free flowing water in an irriga-
18 tion system, canal, or other man-made
19 channel, including projects that utilize non-
20 mechanical structures to accelerate the
21 flow of water for electric power production
22 purposes, or

23 “(iv) differentials in ocean tempera-
24 ture (ocean thermal energy conversion).

1 “(B) EXCEPTIONS.—Such term shall not
2 include any energy which is derived from any
3 source which utilizes a dam, diversionary struc-
4 ture (except as provided in subparagraph
5 (A)(iii)), or impoundment for electric power
6 production purposes.”.

7 (c) DEFINITION OF FACILITY.—Subsection (d) of
8 section 45 is amended by adding at the end the following
9 new paragraph:

10 “(11) MARINE AND HYDROKINETIC RENEW-
11 ABLE ENERGY FACILITIES.—In the case of a facility
12 producing electricity from marine and hydrokinetic
13 renewable energy, the term ‘qualified facility’ means
14 any facility owned by the taxpayer—

15 “(A) which has a nameplate capacity rat-
16 ing of at least 150 kilowatts, and

17 “(B) which is originally placed in service
18 on or after the date of the enactment of this
19 paragraph and before January 1, 2012.”.

20 (d) CREDIT RATE.—Subparagraph (A) of section
21 45(b)(4) is amended by striking “or (9)” and inserting
22 “(9), or (11)”.

23 (e) COORDINATION WITH SMALL IRRIGATION
24 POWER.—Paragraph (5) of section 45(d), as amended by
25 section 101, is amended by striking “January 1, 2012”

1 and inserting “the date of the enactment of paragraph
2 (11)”.

3 (f) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to electricity produced and sold
5 after the date of the enactment of this Act, in taxable
6 years ending after such date.

7 **SEC. 103. ENERGY CREDIT.**

8 (a) EXTENSION OF CREDIT.—

9 (1) SOLAR ENERGY PROPERTY.—Paragraphs
10 (2)(A)(i)(II) and (3)(A)(ii) of section 48(a) are each
11 amended by striking “January 1, 2009” and insert-
12 ing “January 1, 2017”.

13 (2) FUEL CELL PROPERTY.—Subparagraph (E)
14 of section 48(c)(1) is amended by striking “Decem-
15 ber 31, 2008” and inserting “December 31, 2016”.

16 (3) MICROTURBINE PROPERTY.—Subparagraph
17 (E) of section 48(c)(2) is amended by striking “De-
18 cember 31, 2008” and inserting “December 31,
19 2016”.

20 (b) ALLOWANCE OF ENERGY CREDIT AGAINST AL-
21 TERNATIVE MINIMUM TAX.—

22 (1) IN GENERAL.—Subparagraph (B) of section
23 38(c)(4), as amended by the Housing Assistance
24 Tax Act of 2008, is amended by redesignating clause

1 (vi) as clause (vi) and (vii), respectively, and by in-
2 sserting after clause (iv) the following new clause:

3 “(v) the credit determined under sec-
4 tion 46 to the extent that such credit is at-
5 tributable to the energy credit determined
6 under section 48,”.

7 (2) TECHNICAL AMENDMENT.—Clause (vi) of
8 section 38(c)(4)(B), as redesignated by paragraph
9 (1), is amended by striking “section 47 to the extent
10 attributable to” and inserting “section 46 to the ex-
11 tent that such credit is attributable to the rehabilita-
12 tion credit under section 47, but only with respect
13 to”.

14 (c) ENERGY CREDIT FOR COMBINED HEAT AND
15 POWER SYSTEM PROPERTY.—

16 (1) IN GENERAL.—Section 48(a)(3)(A) is
17 amended by striking “or” at the end of clause (iii),
18 by inserting “or” at the end of clause (iv), and by
19 adding at the end the following new clause:

20 “(v) combined heat and power system
21 property,”.

22 (2) COMBINED HEAT AND POWER SYSTEM
23 PROPERTY.—Subsection (c) of section 48 is amend-
24 ed—

1 (A) by striking “QUALIFIED FUEL CELL
2 PROPERTY; QUALIFIED MICROTURBINE PROP-
3 ERTY” in the heading and inserting “DEFINI-
4 TIONS”, and

5 (B) by adding at the end the following new
6 paragraph:

7 “(3) COMBINED HEAT AND POWER SYSTEM
8 PROPERTY.—

9 “(A) COMBINED HEAT AND POWER SYS-
10 TEM PROPERTY.—The term ‘combined heat and
11 power system property’ means property com-
12 prising a system—

13 “(i) which uses the same energy
14 source for the simultaneous or sequential
15 generation of electrical power, mechanical
16 shaft power, or both, in combination with
17 the generation of steam or other forms of
18 useful thermal energy (including heating
19 and cooling applications),

20 “(ii) which produces—

21 “(I) at least 20 percent of its
22 total useful energy in the form of
23 thermal energy which is not used to
24 produce electrical or mechanical power
25 (or combination thereof), and

1 bination of electrical and mechanical en-
2 ergy capacities.

3 “(iii) MAXIMUM CAPACITY.—The term
4 ‘combined heat and power system property’
5 shall not include any property comprising a
6 system if such system has a capacity in ex-
7 cess of 50 megawatts or a mechanical en-
8 ergy capacity in excess of 67,000 horse-
9 power or an equivalent combination of elec-
10 trical and mechanical energy capacities.

11 “(C) SPECIAL RULES.—

12 “(i) ENERGY EFFICIENCY PERCENT-
13 AGE.—For purposes of this paragraph, the
14 energy efficiency percentage of a system is
15 the fraction—

16 “(I) the numerator of which is
17 the total useful electrical, thermal,
18 and mechanical power produced by
19 the system at normal operating rates,
20 and expected to be consumed in its
21 normal application, and

22 “(II) the denominator of which is
23 the lower heating value of the fuel
24 sources for the system.

1 “(ii) DETERMINATIONS MADE ON BTU
2 BASIS.—The energy efficiency percentage
3 and the percentages under subparagraph
4 (A)(ii) shall be determined on a Btu basis.

5 “(iii) INPUT AND OUTPUT PROPERTY
6 NOT INCLUDED.—The term ‘combined heat
7 and power system property’ does not in-
8 clude property used to transport the en-
9 ergy source to the facility or to distribute
10 energy produced by the facility.

11 “(D) SYSTEMS USING BIOMASS.—If a sys-
12 tem is designed to use biomass (within the
13 meaning of paragraphs (2) and (3) of section
14 45(c) without regard to the last sentence of
15 paragraph (3)(A)) for at least 90 percent of the
16 energy source—

17 “(i) subparagraph (A)(iii) shall not
18 apply, but

19 “(ii) the amount of credit determined
20 under subsection (a) with respect to such
21 system shall not exceed the amount which
22 bears the same ratio to such amount of
23 credit (determined without regard to this
24 subparagraph) as the energy efficiency per-

1 centage of such system bears to 60 per-
2 cent.”.

3 (3) CONFORMING AMENDMENT.—Section
4 48(a)(1) is amended by striking “paragraphs (1)(B)
5 and (2)(B)” and inserting “paragraphs (1)(B),
6 (2)(B), and (3)(B)”.

7 (d) INCREASE OF CREDIT LIMITATION FOR FUEL
8 CELL PROPERTY.—Subparagraph (B) of section 48(c)(1)
9 is amended by striking “\$500” and inserting “\$1,500”.

10 (e) PUBLIC UTILITY PROPERTY TAKEN INTO AC-
11 COUNT.—

12 (1) IN GENERAL.—Paragraph (3) of section
13 48(a) is amended by striking the second sentence
14 thereof.

15 (2) CONFORMING AMENDMENTS.—

16 (A) Paragraph (1) of section 48(c) is
17 amended by striking subparagraph (D) and re-
18 designating subparagraph (E) as subparagraph
19 (D).

20 (B) Paragraph (2) of section 48(c) is
21 amended by striking subparagraph (D) and re-
22 designating subparagraph (E) as subparagraph
23 (D).

24 (f) EFFECTIVE DATE.—

1 (1) IN GENERAL.—Except as otherwise pro-
2 vided in this subsection, the amendments made by
3 this section shall take effect on the date of the en-
4 actment of this Act.

5 (2) ALLOWANCE AGAINST ALTERNATIVE MIN-
6 IMUM TAX.—The amendments made by subsection
7 (b) shall apply to credits determined under section
8 46 of the Internal Revenue Code of 1986 in taxable
9 years beginning after the date of the enactment of
10 this Act and to carrybacks of such credits.

11 (3) COMBINED HEAT AND POWER AND FUEL
12 CELL PROPERTY.—The amendments made by sub-
13 sections (c) and (d) shall apply to periods after the
14 date of the enactment of this Act, in taxable years
15 ending after such date, under rules similar to the
16 rules of section 48(m) of the Internal Revenue Code
17 of 1986 (as in effect on the day before the date of
18 the enactment of the Revenue Reconciliation Act of
19 1990).

20 (4) PUBLIC UTILITY PROPERTY.—The amend-
21 ments made by subsection (e) shall apply to periods
22 after February 13, 2008, in taxable years ending
23 after such date, under rules similar to the rules of
24 section 48(m) of the Internal Revenue Code of 1986

1 (as in effect on the day before the date of the enact-
2 ment of the Revenue Reconciliation Act of 1990).

3 **SEC. 104. ENERGY CREDIT FOR SMALL WIND PROPERTY.**

4 (a) IN GENERAL.—Section 48(a)(3)(A), as amended
5 by section 103, is amended by striking “or” at the end
6 of clause (iv), by adding “or” at the end of clause (v),
7 and by inserting after clause (v) the following new clause:

8 “(vi) qualified small wind energy
9 property,”.

10 (b) 30 PERCENT CREDIT.—Section 48(a)(2)(A)(i) is
11 amended by striking “and” at the end of subclause (II)
12 and by inserting after subclause (III) the following new
13 subclause:

14 “(IV) qualified small wind energy
15 property, and”.

16 (c) QUALIFIED SMALL WIND ENERGY PROPERTY.—
17 Section 48(c), as amended by section 103, is amended by
18 adding at the end the following new paragraph:

19 “(4) QUALIFIED SMALL WIND ENERGY PROP-
20 ERTY.—

21 “(A) IN GENERAL.—The term ‘qualified
22 small wind energy property’ means property
23 which uses a qualifying small wind turbine to
24 generate electricity.

1 “(B) LIMITATION.—In the case of quali-
2 fied small wind energy property placed in serv-
3 ice during the taxable year, the credit otherwise
4 determined under subsection (a)(1) for such
5 year with respect to all such property of the
6 taxpayer shall not exceed \$4,000.

7 “(C) QUALIFYING SMALL WIND TUR-
8 BINE.—The term ‘qualifying small wind tur-
9 bine’ means a wind turbine which has a name-
10 plate capacity of not more than 100 kilowatts.

11 “(D) TERMINATION.—The term ‘qualified
12 small wind energy property’ shall not include
13 any property for any period after December 31,
14 2016.”.

15 (d) CONFORMING AMENDMENT.—Section 48(a)(1),
16 as amended by section 103, is amended by striking “para-
17 graphs (1)(B), (2)(B), and (3)(B)” and inserting “para-
18 graphs (1)(B), (2)(B), (3)(B), and (4)(B)”.

19 (e) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to periods after the date of the
21 enactment of this Act, in taxable years ending after such
22 date, under rules similar to the rules of section 48(m) of
23 the Internal Revenue Code of 1986 (as in effect on the
24 day before the date of the enactment of the Revenue Rec-
25 onciliation Act of 1990).

1 **SEC. 105. ENERGY CREDIT FOR GEOTHERMAL HEAT PUMP**
2 **SYSTEMS.**

3 (a) IN GENERAL.—Subparagraph (A) of section
4 48(a)(3), as amended by this Act, is amended by striking
5 “or” at the end of clause (v), by inserting “or” at the
6 end of clause (vi), and by adding at the end the following
7 new clause:

8 “(vii) equipment which uses the
9 ground or ground water as a thermal en-
10 ergy source to heat a structure or as a
11 thermal energy sink to cool a structure,
12 but only with respect to periods ending be-
13 fore January 1, 2017.”.

14 (b) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to periods after the date of the
16 enactment of this Act, in taxable years ending after such
17 date, under rules similar to the rules of section 48(m) of
18 the Internal Revenue Code of 1986 (as in effect on the
19 day before the date of the enactment of the Revenue Rec-
20 onciliation Act of 1990).

21 **SEC. 106. CREDIT FOR RESIDENTIAL ENERGY EFFICIENT**
22 **PROPERTY.**

23 (a) EXTENSION.—Section 25D(g) is amended by
24 striking “December 31, 2008” and inserting “December
25 31, 2016”.

1 (b) REMOVAL OF LIMITATION FOR SOLAR ELECTRIC
2 PROPERTY.—

3 (1) IN GENERAL.—Section 25D(b)(1), as
4 amended by subsections (c) and (d), is amended—

5 (A) by striking subparagraph (A), and

6 (B) by redesignating subparagraphs (B)
7 through (E) as subparagraphs (A) through and
8 (D), respectively.

9 (2) CONFORMING AMENDMENT.—Section
10 25D(e)(4)(A), as amended by subsections (c) and
11 (d), is amended—

12 (A) by striking clause (i), and

13 (B) by redesignating clauses (ii) through
14 (v) as clauses (i) and (iv), respectively.

15 (c) CREDIT FOR RESIDENTIAL WIND PROPERTY.—

16 (1) IN GENERAL.—Section 25D(a) is amended
17 by striking “and” at the end of paragraph (2), by
18 striking the period at the end of paragraph (3) and
19 inserting “, and”, and by adding at the end the fol-
20 lowing new paragraph:

21 “(4) 30 percent of the qualified small wind en-
22 ergy property expenditures made by the taxpayer
23 during such year.”.

24 (2) LIMITATION.—Section 25D(b)(1) is amend-
25 ed by striking “and” at the end of subparagraph

1 (B), by striking the period at the end of subpara-
2 graph (C) and inserting “, and”, and by adding at
3 the end the following new subparagraph:

4 “(D) \$500 with respect to each half kilo-
5 watt of capacity (not to exceed \$4,000) of wind
6 turbines for which qualified small wind energy
7 property expenditures are made.”.

8 (3) QUALIFIED SMALL WIND ENERGY PROP-
9 ERTY EXPENDITURES.—

10 (A) IN GENERAL.—Section 25D(d) is
11 amended by adding at the end the following
12 new paragraph:

13 “(4) QUALIFIED SMALL WIND ENERGY PROP-
14 ERTY EXPENDITURE.—The term ‘qualified small
15 wind energy property expenditure’ means an expend-
16 iture for property which uses a wind turbine to gen-
17 erate electricity for use in connection with a dwelling
18 unit located in the United States and used as a resi-
19 dence by the taxpayer.”.

20 (B) NO DOUBLE BENEFIT.—Section
21 45(d)(1) is amended by adding at the end the
22 following new sentence: “Such term shall not
23 include any facility with respect to which any
24 qualified small wind energy property expendi-
25 ture (as defined in subsection (d)(4) of section

1 25D) is taken into account in determining the
2 credit under such section.”.

3 (4) MAXIMUM EXPENDITURES IN CASE OF
4 JOINT OCCUPANCY.—Section 25D(e)(4)(A) is
5 amended by striking “and” at the end of clause (ii),
6 by striking the period at the end of clause (iii) and
7 inserting “, and”, and by adding at the end the fol-
8 lowing new clause:

9 “(iv) \$1,667 in the case of each half
10 kilowatt of capacity (not to exceed
11 \$13,333) of wind turbines for which quali-
12 fied small wind energy property expendi-
13 tures are made.”.

14 (d) CREDIT FOR GEOTHERMAL HEAT PUMP SYS-
15 TEMS.—

16 (1) IN GENERAL.—Section 25D(a), as amended
17 by subsection (c), is amended by striking “and” at
18 the end of paragraph (3), by striking the period at
19 the end of paragraph (4) and inserting “, and”, and
20 by adding at the end the following new paragraph:

21 “(5) 30 percent of the qualified geothermal
22 heat pump property expenditures made by the tax-
23 payer during such year.”.

24 (2) LIMITATION.—Section 25D(b)(1), as
25 amended by subsection (c), is amended by striking

1 “and” at the end of subparagraph (C), by striking
2 the period at the end of subparagraph (D) and in-
3 serting “, and”, and by adding at the end the fol-
4 lowing new subparagraph:

5 “(E) \$2,000 with respect to any qualified
6 geothermal heat pump property expenditures.”.

7 (3) QUALIFIED GEOTHERMAL HEAT PUMP
8 PROPERTY EXPENDITURE.—Section 25D(d), as
9 amended by subsection (c), is amended by adding at
10 the end the following new paragraph:

11 “(5) QUALIFIED GEOTHERMAL HEAT PUMP
12 PROPERTY EXPENDITURE.—

13 “(A) IN GENERAL.—The term ‘qualified
14 geothermal heat pump property expenditure’
15 means an expenditure for qualified geothermal
16 heat pump property installed on or in connec-
17 tion with a dwelling unit located in the United
18 States and used as a residence by the taxpayer.

19 “(B) QUALIFIED GEOTHERMAL HEAT
20 PUMP PROPERTY.—The term ‘qualified geo-
21 thermal heat pump property’ means any equip-
22 ment which—

23 “(i) uses the ground or ground water
24 as a thermal energy source to heat the
25 dwelling unit referred to in subparagraph

1 (A) or as a thermal energy sink to cool
2 such dwelling unit, and

3 “(ii) meets the requirements of the
4 Energy Star program which are in effect
5 at the time that the expenditure for such
6 equipment is made.”.

7 (4) MAXIMUM EXPENDITURES IN CASE OF
8 JOINT OCCUPANCY.—Section 25D(e)(4)(A), as
9 amended by subsection (c), is amended by striking
10 “and” at the end of clause (iii), by striking the pe-
11 riod at the end of clause (iv) and inserting “, and”,
12 and by adding at the end the following new clause:

13 “(v) \$6,667 in the case of any quali-
14 fied geothermal heat pump property ex-
15 penditures.”.

16 (e) CREDIT ALLOWED AGAINST ALTERNATIVE MIN-
17 IMUM TAX.—

18 (1) IN GENERAL.—Subsection (c) of section
19 25D is amended to read as follows:

20 “(c) LIMITATION BASED ON AMOUNT OF TAX;
21 CARRYFORWARD OF UNUSED CREDIT.—

22 “(1) LIMITATION BASED ON AMOUNT OF
23 TAX.—In the case of a taxable year to which section
24 26(a)(2) does not apply, the credit allowed under

1 subsection (a) for the taxable year shall not exceed
2 the excess of—

3 “(A) the sum of the regular tax liability
4 (as defined in section 26(b)) plus the tax im-
5 posed by section 55, over

6 “(B) the sum of the credits allowable
7 under this subpart (other than this section) and
8 section 27 for the taxable year.

9 “(2) CARRYFORWARD OF UNUSED CREDIT.—

10 “(A) RULE FOR YEARS IN WHICH ALL
11 PERSONAL CREDITS ALLOWED AGAINST REG-
12 ULAR AND ALTERNATIVE MINIMUM TAX.—In
13 the case of a taxable year to which section
14 26(a)(2) applies, if the credit allowable under
15 subsection (a) exceeds the limitation imposed by
16 section 26(a)(2) for such taxable year reduced
17 by the sum of the credits allowable under this
18 subpart (other than this section), such excess
19 shall be carried to the succeeding taxable year
20 and added to the credit allowable under sub-
21 section (a) for such succeeding taxable year.

22 “(B) RULE FOR OTHER YEARS.—In the
23 case of a taxable year to which section 26(a)(2)
24 does not apply, if the credit allowable under
25 subsection (a) exceeds the limitation imposed by

1 paragraph (1) for such taxable year, such ex-
2 cess shall be carried to the succeeding taxable
3 year and added to the credit allowable under
4 subsection (a) for such succeeding taxable
5 year.”.

6 (2) CONFORMING AMENDMENTS.—

7 (A) Section 23(b)(4)(B) is amended by in-
8 serting “and section 25D” after “this section”.

9 (B) Section 24(b)(3)(B) is amended by
10 striking “and 25B” and inserting “, 25B, and
11 25D”.

12 (C) Section 25B(g)(2) is amended by strik-
13 ing “section 23” and inserting “sections 23 and
14 25D”.

15 (D) Section 26(a)(1) is amended by strik-
16 ing “and 25B” and inserting “25B, and 25D”.

17 (f) EFFECTIVE DATE.—

18 (1) IN GENERAL.—Except as provided in para-
19 graph (2), the amendments made by this section
20 shall apply to taxable years beginning after Decem-
21 ber 31, 2007.

22 (2) SOLAR ELECTRIC PROPERTY LIMITATION.—

23 The amendments made by subsection (b) shall apply
24 to taxable years beginning after December 31, 2008.

1 (3) APPLICATION OF EGTRRA SUNSET.—The
2 amendments made by subparagraphs (A) and (B) of
3 subsection (e)(2) shall be subject to title IX of the
4 Economic Growth and Tax Relief Reconciliation Act
5 of 2001 in the same manner as the provisions of
6 such Act to which such amendments relate.

7 **SEC. 107. NEW CLEAN RENEWABLE ENERGY BONDS.**

8 (a) IN GENERAL.—Subpart I of part IV of sub-
9 chapter A of chapter 1 is amended by adding at the end
10 the following new section:

11 **“SEC. 54C. NEW CLEAN RENEWABLE ENERGY BONDS.**

12 “(a) NEW CLEAN RENEWABLE ENERGY BOND.—For
13 purposes of this subpart, the term ‘new clean renewable
14 energy bond’ means any bond issued as part of an issue
15 if—

16 “(1) 100 percent of the available project pro-
17 ceeds of such issue are to be used for capital expend-
18 itures incurred by governmental bodies, public power
19 providers, or cooperative electric companies for one
20 or more qualified renewable energy facilities,

21 “(2) the bond is issued by a qualified issuer,
22 and

23 “(3) the issuer designates such bond for pur-
24 poses of this section.

1 “(b) REDUCED CREDIT AMOUNT.—The annual credit
2 determined under section 54A(b) with respect to any new
3 clean renewable energy bond shall be 70 percent of the
4 amount so determined without regard to this subsection.

5 “(c) LIMITATION ON AMOUNT OF BONDS DES-
6 IGNATED.—

7 “(1) IN GENERAL.—The maximum aggregate
8 face amount of bonds which may be designated
9 under subsection (a) by any issuer shall not exceed
10 the limitation amount allocated under this sub-
11 section to such issuer.

12 “(2) NATIONAL LIMITATION ON AMOUNT OF
13 BONDS DESIGNATED.—There is a national new clean
14 renewable energy bond limitation of \$800,000,000
15 which shall be allocated by the Secretary as provided
16 in paragraph (3), except that—

17 “(A) not more than $33\frac{1}{3}$ percent thereof
18 may be allocated to qualified projects of public
19 power providers,

20 “(B) not more than $33\frac{1}{3}$ percent thereof
21 may be allocated to qualified projects of govern-
22 mental bodies, and

23 “(C) not more than $33\frac{1}{3}$ percent thereof
24 may be allocated to qualified projects of cooper-
25 ative electric companies.

1 “(3) METHOD OF ALLOCATION.—

2 “(A) ALLOCATION AMONG PUBLIC POWER
3 PROVIDERS.—After the Secretary determines
4 the qualified projects of public power providers
5 which are appropriate for receiving an alloca-
6 tion of the national new clean renewable energy
7 bond limitation, the Secretary shall, to the max-
8 imum extent practicable, make allocations
9 among such projects in such manner that the
10 amount allocated to each such project bears the
11 same ratio to the cost of such project as the
12 limitation under paragraph (2)(A) bears to the
13 cost of all such projects.

14 “(B) ALLOCATION AMONG GOVERNMENTAL
15 BODIES AND COOPERATIVE ELECTRIC COMPA-
16 NIES.—The Secretary shall make allocations of
17 the amount of the national new clean renewable
18 energy bond limitation described in paragraphs
19 (2)(B) and (2)(C) among qualified projects of
20 governmental bodies and cooperative electric
21 companies, respectively, in such manner as the
22 Secretary determines appropriate.

23 “(d) DEFINITIONS.—For purposes of this section—

24 “(1) QUALIFIED RENEWABLE ENERGY FACIL-
25 ITY.—The term ‘qualified renewable energy facility’

1 means a qualified facility (as determined under sec-
2 tion 45(d) without regard to paragraphs (8) and
3 (10) thereof and to any placed in service date)
4 owned by a public power provider, a governmental
5 body, or a cooperative electric company.

6 “(2) PUBLIC POWER PROVIDER.—The term
7 ‘public power provider’ means a State utility with a
8 service obligation, as such terms are defined in sec-
9 tion 217 of the Federal Power Act (as in effect on
10 the date of the enactment of this paragraph).

11 “(3) GOVERNMENTAL BODY.—The term ‘gov-
12 ernmental body’ means any State or Indian tribal
13 government, or any political subdivision thereof.

14 “(4) COOPERATIVE ELECTRIC COMPANY.—The
15 term ‘cooperative electric company’ means a mutual
16 or cooperative electric company described in section
17 501(c)(12) or section 1381(a)(2)(C).

18 “(5) CLEAN RENEWABLE ENERGY BOND LEND-
19 ER.—The term ‘clean renewable energy bond lender’
20 means a lender which is a cooperative which is
21 owned by, or has outstanding loans to, 100 or more
22 cooperative electric companies and is in existence on
23 February 1, 2002, and shall include any affiliated
24 entity which is controlled by such lender.

1 “(6) QUALIFIED ISSUER.—The term ‘qualified
2 issuer’ means a public power provider, a cooperative
3 electric company, a governmental body, a clean re-
4 newable energy bond lender, or a not-for-profit elec-
5 tric utility which has received a loan or loan guar-
6 antee under the Rural Electrification Act.”.

7 (b) CONFORMING AMENDMENTS.—

8 (1) Paragraph (1) of section 54A(d) is amended
9 to read as follows:

10 “(1) QUALIFIED TAX CREDIT BOND.—The term
11 ‘qualified tax credit bond’ means—

12 “(A) a qualified forestry conservation
13 bond, or

14 “(B) a new clean renewable energy bond,
15 which is part of an issue that meets requirements of
16 paragraphs (2), (3), (4), (5), and (6).”.

17 (2) Subparagraph (C) of section 54A(d)(2) is
18 amended to read as follows:

19 “(C) QUALIFIED PURPOSE.—For purposes
20 of this paragraph, the term ‘qualified purpose’
21 means—

22 “(i) in the case of a qualified forestry
23 conservation bond, a purpose specified in
24 section 54B(e), and

1 “(ii) in the case of a new clean renew-
2 able energy bond, a purpose specified in
3 section 54C(a)(1).”.

4 (3) The table of sections for subpart I of part
5 IV of subchapter A of chapter 1 is amended by add-
6 ing at the end the following new item:

“Sec. 54C. Qualified clean renewable energy bonds.”.

7 (c) **EXTENSION FOR CLEAN RENEWABLE ENERGY**
8 **BONDS.**—Subsection (m) of section 54 is amended by
9 striking “December 31, 2008” and inserting “December
10 31, 2009”.

11 (d) **EFFECTIVE DATE.**—The amendments made by
12 this section shall apply to obligations issued after the date
13 of the enactment of this Act.

14 **SEC. 108. CREDIT FOR STEEL INDUSTRY FUEL.**

15 (a) **TREATMENT AS REFINED COAL.**—

16 (1) **IN GENERAL.**—Subparagraph (A) of section
17 45(c)(7) of the Internal Revenue Code of 1986 (re-
18 lating to refined coal), as amended by this Act, is
19 amended to read as follows:

20 “(A) **IN GENERAL.**—The term ‘refined
21 coal’ means a fuel—

22 “(i) which—

23 “(I) is a liquid, gaseous, or solid
24 fuel produced from coal (including lig-

1 nite) or high carbon fly ash, including
2 such fuel used as a feedstock,

3 “(II) is sold by the taxpayer with
4 the reasonable expectation that it will
5 be used for purpose of producing
6 steam,

7 “(III) is certified by the taxpayer
8 as resulting (when used in the produc-
9 tion of steam) in a qualified emission
10 reduction, and

11 “(IV) is produced in such a man-
12 ner as to result in an increase of at
13 least 50 percent in the market value
14 of the refined coal (excluding any in-
15 crease caused by materials combined
16 or added during the production proc-
17 ess), as compared to the value of the
18 feedstock coal, or

19 “(ii) which is steel industry fuel.”.

20 (2) STEEL INDUSTRY FUEL DEFINED.—Para-
21 graph (7) of section 45(c) of such Code is amended
22 by adding at the end the following new subpara-
23 graph:

24 “(C) STEEL INDUSTRY FUEL.—

1 “(i) IN GENERAL.—The term ‘steel in-
2 dustry fuel’ means a fuel which—

3 “(I) is produced through a proc-
4 ess of liquifying coal waste sludge and
5 distributing it on coal, and

6 “(II) is used as a feedstock for
7 the manufacture of coke.

8 “(ii) COAL WASTE SLUDGE.—The
9 term ‘coal waste sludge’ means the tar de-
10 canter sludge and related byproducts of
11 the coking process, including such mate-
12 rials that have been stored in ground, in
13 tanks and in lagoons, that have been treat-
14 ed as hazardous wastes under applicable
15 Federal environmental rules absent lique-
16 faction and processing with coal into a
17 feedstock for the manufacture of coke.”.

18 (b) CREDIT AMOUNT.—

19 (1) IN GENERAL.—Paragraph (8) of section
20 45(e) of the Internal Revenue Code of 1986 (relat-
21 ing to refined coal production facilities) is amended
22 by adding at the end the following new subpara-
23 graph

24 “(D) SPECIAL RULE FOR STEEL INDUSTRY
25 FUEL.—

1 “(i) IN GENERAL.—In the case of a
2 taxpayer who produces steel industry
3 fuel—

4 “(I) this paragraph shall be ap-
5 plied separately with respect to steel
6 industry fuel and other refined coal,
7 and

8 “(II) in applying this paragraph
9 to steel industry fuel, the modifica-
10 tions in clause (ii) shall apply.

11 “(ii) MODIFICATIONS.—

12 “(I) CREDIT AMOUNT.—Subpara-
13 graph (A) shall be applied by sub-
14 stituting ‘\$2 per barrel-of-oil equiva-
15 lent’ for ‘\$4.375 per ton’.

16 “(II) CREDIT PERIOD.—In lieu
17 of the 10-year period referred to in
18 clauses (i) and (ii)(II) of subpara-
19 graph (A), the credit period shall be
20 the period beginning on the later of
21 the date such facility was originally
22 placed in service, the date the modi-
23 fications described in clause (iii) were
24 placed in service, or October 1, 2008,
25 and ending on the later of December

1 31, 2009, or the date which is 1 year
2 after the date such facility or the
3 modifications described in clause (iii)
4 were placed in service.

5 “(III) NO PHASEOUT.—Subpara-
6 graph (B) shall not apply.

7 “(iii) MODIFICATIONS.—The modifica-
8 tions described in this clause are modifica-
9 tions to an existing facility which allow
10 such facility to produce steel industry fuel.

11 “(iv) BARREL-OF-OIL EQUIVALENT.—
12 For purposes of this subparagraph, a bar-
13 rel-of-oil equivalent is the amount of steel
14 industry fuel that has a Btu content of
15 5,800,000 Btus.”.

16 (2) INFLATION ADJUSTMENT.—Paragraph (2)
17 of section 45(b) of such Code is amended by insert-
18 ing “the \$3 amount in subsection (e)(8)(D)(ii)(I),”
19 after “subsection (e)(8)(A),”.

20 (c) TERMINATION.—Paragraph (8) of section 45(d)
21 of the Internal Revenue Code of 1986 (relating to refined
22 coal production facility), as amended by this Act, is
23 amended to read as follows:

1 “(8) REFINED COAL PRODUCTION FACILITY.—

2 In the case of a facility that produces refined coal,
3 the term ‘refined coal production facility’ means—

4 “(A) with respect to a facility producing
5 steel industry fuel, any facility (or any modi-
6 fication to a facility) which is placed in service
7 before January 1, 2010, and

8 “(B) with respect to any other facility pro-
9 ducing refined coal, any facility placed in serv-
10 ice after the date of the enactment of the Amer-
11 ican Jobs Creation Act of 2004 and before Jan-
12 uary 1, 2010.”.

13 (d) COORDINATION WITH CREDIT FOR PRODUCING
14 FUEL FROM A NONCONVENTIONAL SOURCE.—

15 (1) IN GENERAL.—Subparagraph (B) of section
16 45(e)(9) of the Internal Revenue Code of 1986 is
17 amended—

18 (A) by striking “The term” and inserting
19 the following:

20 “(i) IN GENERAL.—The term”, and

21 (B) by adding at the end the following new
22 clause:

23 “(ii) EXCEPTION FOR STEEL INDUS-
24 TRY COAL.—In the case of a facility pro-
25 ducing steel industry fuel, clause (i) shall

1 not apply to so much of the refined coal
2 produced at such facility as is steel indus-
3 try fuel.”.

4 (2) NO DOUBLE BENEFIT.—Section 45K(g)(2)
5 of such Code is amended by adding at the end the
6 following new subparagraph:

7 “(E) COORDINATION WITH SECTION 45.—
8 No credit shall be allowed with respect to any
9 qualified fuel which is steel industry fuel (as de-
10 fined in section 45(c)(7)) if a credit is allowed
11 to the taxpayer for such fuel under section
12 45.”.

13 (e) EFFECTIVE DATE.—The amendments made by
14 section shall apply to fuel produced and sold from facilities
15 placed in service after September 30, 2008.

16 **SEC. 109. SPECIAL RULE TO IMPLEMENT FERC AND STATE**
17 **ELECTRIC RESTRUCTURING POLICY.**

18 (a) EXTENSION FOR QUALIFIED ELECTRIC UTILI-
19 TIES.—

20 (1) IN GENERAL.—Paragraph (3) of section
21 451(i) is amended by inserting “(before January 1,
22 2010, in the case of a qualified electric utility)”
23 after “January 1, 2008”.

24 (2) QUALIFIED ELECTRIC UTILITY.—Subsection
25 (i) of section 451 is amended by redesignating para-

1 graphs (6) through (10) as paragraphs (7) through
2 (11), respectively, and by inserting after paragraph
3 (5) the following new paragraph:

4 “(6) QUALIFIED ELECTRIC UTILITY.—For pur-
5 poses of this subsection, the term ‘qualified electric
6 utility’ means a person that, as of the date of the
7 qualifying electric transmission transaction, is
8 vertically integrated, in that it is both—

9 “(A) a transmitting utility (as defined in
10 section 3(23) of the Federal Power Act (16
11 U.S.C. 796(23))) with respect to the trans-
12 mission facilities to which the election under
13 this subsection applies, and

14 “(B) an electric utility (as defined in sec-
15 tion 3(22) of the Federal Power Act (16 U.S.C.
16 796(22))).”.

17 (b) EXTENSION OF PERIOD FOR TRANSFER OF
18 OPERATIONAL CONTROL AUTHORIZED BY FERC.—
19 Clause (ii) of section 451(i)(4)(B) is amended by striking
20 “December 31, 2007” and inserting “the date which is
21 4 years after the close of the taxable year in which the
22 transaction occurs”.

23 (c) PROPERTY LOCATED OUTSIDE THE UNITED
24 STATES NOT TREATED AS EXEMPT UTILITY PROP-

1 ERTY.—Paragraph (5) of section 451(i) is amended by
2 adding at the end the following new subparagraph:

3 “(C) EXCEPTION FOR PROPERTY LOCATED
4 OUTSIDE THE UNITED STATES.—The term ‘ex-
5 empt utility property’ shall not include any
6 property which is located outside the United
7 States.”.

8 (d) EFFECTIVE DATES.—

9 (1) EXTENSION.—The amendments made by
10 subsection (a) shall apply to transactions after De-
11 cember 31, 2007.

12 (2) TRANSFERS OF OPERATIONAL CONTROL.—
13 The amendment made by subsection (b) shall take
14 effect as if included in section 909 of the American
15 Jobs Creation Act of 2004.

16 (3) EXCEPTION FOR PROPERTY LOCATED OUT-
17 SIDE THE UNITED STATES.—The amendment made
18 by subsection (c) shall apply to transactions after
19 the date of the enactment of this Act.

20 **Subtitle B—Carbon Mitigation and** 21 **Coal Provisions**

22 **SEC. 111. EXPANSION AND MODIFICATION OF ADVANCED** 23 **COAL PROJECT INVESTMENT CREDIT.**

24 (a) MODIFICATION OF CREDIT AMOUNT.—Section
25 48A(a) is amended by striking “and” at the end of para-

1 graph (1), by striking the period at the end of paragraph
2 (2) and inserting “, and”, and by adding at the end the
3 following new paragraph:

4 “(3) 30 percent of the qualified investment for
5 such taxable year in the case of projects described
6 in clause (iii) of subsection (d)(3)(B).”.

7 (b) EXPANSION OF AGGREGATE CREDITS.—Section
8 48A(d)(3)(A) is amended by striking “\$1,300,000,000”
9 and inserting “\$2,550,000,000”.

10 (c) AUTHORIZATION OF ADDITIONAL PROJECTS.—

11 (1) IN GENERAL.—Subparagraph (B) of section
12 48A(d)(3) is amended to read as follows:

13 “(B) PARTICULAR PROJECTS.—Of the dol-
14 lar amount in subparagraph (A), the Secretary
15 is authorized to certify—

16 “(i) \$800,000,000 for integrated gas-
17 ification combined cycle projects the appli-
18 cation for which is submitted during the
19 period described in paragraph (2)(A)(i),

20 “(ii) \$500,000,000 for projects which
21 use other advanced coal-based generation
22 technologies the application for which is
23 submitted during the period described in
24 paragraph (2)(A)(i), and

1 “(iii) \$1,250,000,000 for advanced
2 coal-based generation technology projects
3 the application for which is submitted dur-
4 ing the period described in paragraph
5 (2)(A)(ii).”.

6 (2) APPLICATION PERIOD FOR ADDITIONAL
7 PROJECTS.—Subparagraph (A) of section 48A(d)(2)
8 is amended to read as follows:

9 “(A) APPLICATION PERIOD.—Each appli-
10 cant for certification under this paragraph shall
11 submit an application meeting the requirements
12 of subparagraph (B). An applicant may only
13 submit an application—

14 “(i) for an allocation from the dollar
15 amount specified in clause (i) or (ii) of
16 paragraph (3)(B) during the 3-year period
17 beginning on the date the Secretary estab-
18 lishes the program under paragraph (1),
19 and

20 “(ii) for an allocation from the dollar
21 amount specified in paragraph (3)(B)(iii)
22 during the 3-year period beginning at the
23 earlier of the termination of the period de-
24 scribed in clause (i) or the date prescribed
25 by the Secretary.”.

1 (3) CAPTURE AND SEQUESTRATION OF CARBON
2 DIOXIDE EMISSIONS REQUIREMENT.—

3 (A) IN GENERAL.—Section 48A(e)(1) is
4 amended by striking “and” at the end of sub-
5 paragraph (E), by striking the period at the
6 end of subparagraph (F) and inserting “; and”,
7 and by adding at the end the following new sub-
8 paragraph:

9 “(G) in the case of any project the applica-
10 tion for which is submitted during the period
11 described in subsection (d)(2)(A)(ii), the project
12 includes equipment which separates and seques-
13 ters at least 65 percent (70 percent in the case
14 of an application for reallocated credits under
15 subsection (d)(4)) of such project’s total carbon
16 dioxide emissions.”.

17 (B) HIGHEST PRIORITY FOR PROJECTS
18 WHICH SEQUESTER CARBON DIOXIDE EMIS-
19 SIONS.—Section 48A(e)(3) is amended by strik-
20 ing “and” at the end of subparagraph (A)(iii),
21 by striking the period at the end of subpara-
22 graph (B)(iii) and inserting “, and”, and by
23 adding at the end the following new subpara-
24 graph:

1 “(C) give highest priority to projects with
2 the greatest separation and sequestration per-
3 centage of total carbon dioxide emissions.”.

4 (C) RECAPTURE OF CREDIT FOR FAILURE
5 TO SEQUESTER.—Section 48A is amended by
6 adding at the end the following new subsection:

7 “(i) RECAPTURE OF CREDIT FOR FAILURE TO SE-
8 QUESTER.—The Secretary shall provide for recapturing
9 the benefit of any credit allowable under subsection (a)
10 with respect to any project which fails to attain or main-
11 tain the separation and sequestration requirements of sub-
12 section (e)(1)(G).”.

13 (4) ADDITIONAL PRIORITY FOR RESEARCH
14 PARTNERSHIPS.—Section 48A(e)(3)(B), as amended
15 by paragraph (3)(B), is amended—

16 (A) by striking “and” at the end of clause
17 (ii),

18 (B) by redesignating clause (iii) as clause
19 (iv), and

20 (C) by inserting after clause (ii) the fol-
21 lowing new clause:

22 “(iii) applicant participants who have
23 a research partnership with an eligible edu-
24 cational institution (as defined in section
25 529(e)(5)), and”.

1 (5) CLERICAL AMENDMENT.—Section 48A(e)(3)
2 is amended by striking “INTEGRATED GASIFICATION
3 COMBINED CYCLE” in the heading and inserting
4 “CERTAIN”.

5 (d) DISCLOSURE OF ALLOCATIONS.—Section 48A(d)
6 is amended by adding at the end the following new para-
7 graph:

8 “(5) DISCLOSURE OF ALLOCATIONS.—The Sec-
9 retary shall, upon making a certification under this
10 subsection or section 48B(d), publicly disclose the
11 identity of the applicant and the amount of the cred-
12 it certified with respect to such applicant.”.

13 (e) EFFECTIVE DATES.—

14 (1) IN GENERAL.—Except as otherwise pro-
15 vided in this subsection, the amendments made by
16 this section shall apply to credits the application for
17 which is submitted during the period described in
18 section 48A(d)(2)(A)(ii) of the Internal Revenue
19 Code of 1986 and which are allocated or reallocated
20 after the date of the enactment of this Act.

21 (2) DISCLOSURE OF ALLOCATIONS.—The
22 amendment made by subsection (d) shall apply to
23 certifications made after the date of the enactment
24 of this Act.

1 (3) CLERICAL AMENDMENT.—The amendment
2 made by subsection (c)(5) shall take effect as if in-
3 cluded in the amendment made by section 1307(b)
4 of the Energy Tax Incentives Act of 2005.

5 **SEC. 112. EXPANSION AND MODIFICATION OF COAL GASIFI-**
6 **CATION INVESTMENT CREDIT.**

7 (a) MODIFICATION OF CREDIT AMOUNT.—Section
8 48B(a) is amended by inserting “(30 percent in the case
9 of credits allocated under subsection (d)(1)(B))” after “20
10 percent”.

11 (b) EXPANSION OF AGGREGATE CREDITS.—Section
12 48B(d)(1) is amended by striking “shall not exceed
13 \$350,000,000” and all that follows and inserting “shall
14 not exceed—

15 “(A) \$350,000,000, plus

16 “(B) \$250,000,000 for qualifying gasifi-
17 cation projects that include equipment which
18 separates and sequesters at least 75 percent of
19 such project’s total carbon dioxide emissions.”.

20 (c) RECAPTURE OF CREDIT FOR FAILURE TO SE-
21 QUESTER.—Section 48B is amended by adding at the end
22 the following new subsection:

23 “(f) RECAPTURE OF CREDIT FOR FAILURE TO SE-
24 QUESTER.—The Secretary shall provide for recapturing
25 the benefit of any credit allowable under subsection (a)

1 with respect to any project which fails to attain or main-
2 tain the separation and sequestration requirements for
3 such project under subsection (d)(1).”.

4 (d) SELECTION PRIORITIES.—Section 48B(d) is
5 amended by adding at the end the following new para-
6 graph:

7 “(4) SELECTION PRIORITIES.—In determining
8 which qualifying gasification projects to certify
9 under this section, the Secretary shall—

10 “(A) give highest priority to projects with
11 the greatest separation and sequestration per-
12 centage of total carbon dioxide emissions, and

13 “(B) give high priority to applicant partici-
14 pants who have a research partnership with an
15 eligible educational institution (as defined in
16 section 529(e)(5)).”.

17 (e) ELIGIBLE PROJECTS INCLUDE TRANSPORTATION
18 GRADE LIQUID FUELS.—Section 48B(c)(7) (defining eli-
19 gible entity) is amended by striking “and” at the end of
20 subparagraph (F), by striking the period at the end of
21 subparagraph (G) and inserting “, and”, and by adding
22 at the end the following new subparagraph:

23 “(H) transportation grade liquid fuels.”.

24 (f) EFFECTIVE DATE.—The amendments made by
25 this section shall apply to credits described in section

1 48B(d)(1)(B) of the Internal Revenue Code of 1986 which
2 are allocated or reallocated after the date of the enactment
3 of this Act.

4 **SEC. 113. TEMPORARY INCREASE IN COAL EXCISE TAX;**
5 **FUNDING OF BLACK LUNG DISABILITY TRUST**
6 **FUND.**

7 (a) EXTENSION OF TEMPORARY INCREASE.—Para-
8 graph (2) of section 4121(e) is amended—

9 (1) by striking “January 1, 2014” in subpara-
10 graph (A) and inserting “December 31, 2018”, and

11 (2) by striking “January 1 after 1981” in sub-
12 paragraph (B) and inserting “December 31 after
13 2007”.

14 (b) RESTRUCTURING OF TRUST FUND DEBT.—

15 (1) DEFINITIONS.—For purposes of this sub-
16 section—

17 (A) MARKET VALUE OF THE OUTSTANDING
18 REPAYABLE ADVANCES, PLUS ACCRUED INTER-
19 EST.—The term “market value of the out-
20 standing repayable advances, plus accrued in-
21 terest” means the present value (determined by
22 the Secretary of the Treasury as of the refi-
23 nancing date and using the Treasury rate as
24 the discount rate) of the stream of principal
25 and interest payments derived assuming that

1 each repayable advance that is outstanding on
2 the refinancing date is due on the 30th anniver-
3 sary of the end of the fiscal year in which the
4 advance was made to the Trust Fund, and that
5 all such principal and interest payments are
6 made on September 30 of the applicable fiscal
7 year.

8 (B) REFINANCING DATE.—The term “refi-
9 nancing date” means the date occurring 2 days
10 after the enactment of this Act.

11 (C) REPAYABLE ADVANCE.—The term “re-
12 payable advance” means an amount that has
13 been appropriated to the Trust Fund in order
14 to make benefit payments and other expendi-
15 tures that are authorized under section 9501 of
16 the Internal Revenue Code of 1986 and are re-
17 quired to be repaid when the Secretary of the
18 Treasury determines that monies are available
19 in the Trust Fund for such purpose.

20 (D) TREASURY RATE.—The term “Treas-
21 ury rate” means a rate determined by the Sec-
22 retary of the Treasury, taking into consider-
23 ation current market yields on outstanding
24 marketable obligations of the United States of
25 comparable maturities.

1 (E) TREASURY 1-YEAR RATE.—The term
2 “Treasury 1-year rate” means a rate deter-
3 mined by the Secretary of the Treasury, taking
4 into consideration current market yields on out-
5 standing marketable obligations of the United
6 States with remaining periods to maturity of
7 approximately 1 year, to have been in effect as
8 of the close of business 1 business day prior to
9 the date on which the Trust Fund issues obliga-
10 tions to the Secretary of the Treasury under
11 paragraph (2)(B).

12 (2) REFINANCING OF OUTSTANDING PRINCIPAL
13 OF REPAYABLE ADVANCES AND UNPAID INTEREST
14 ON SUCH ADVANCES.—

15 (A) TRANSFER TO GENERAL FUND.—On
16 the refinancing date, the Trust Fund shall
17 repay the market value of the outstanding re-
18 payable advances, plus accrued interest, by
19 transferring into the general fund of the Treas-
20 ury the following sums:

21 (i) The proceeds from obligations that
22 the Trust Fund shall issue to the Sec-
23 retary of the Treasury in such amounts as
24 the Secretaries of Labor and the Treasury
25 shall determine and bearing interest at the

1 Treasury rate, and that shall be in such
2 forms and denominations and be subject to
3 such other terms and conditions, including
4 maturity, as the Secretary of the Treasury
5 shall prescribe.

6 (ii) All, or that portion, of the appro-
7 priation made to the Trust Fund pursuant
8 to paragraph (3) that is needed to cover
9 the difference defined in that paragraph.

10 (B) REPAYMENT OF OBLIGATIONS.—In the
11 event that the Trust Fund is unable to repay
12 the obligations that it has issued to the Sec-
13 retary of the Treasury under subparagraph
14 (A)(i) and this subparagraph, or is unable to
15 make benefit payments and other authorized ex-
16 penditures, the Trust Fund shall issue obliga-
17 tions to the Secretary of the Treasury in such
18 amounts as may be necessary to make such re-
19 payments, payments, and expenditures, with a
20 maturity of 1 year, and bearing interest at the
21 Treasury 1-year rate. These obligations shall be
22 in such forms and denominations and be sub-
23 ject to such other terms and conditions as the
24 Secretary of the Treasury shall prescribe.

1 (C) AUTHORITY TO ISSUE OBLIGATIONS.—

2 The Trust Fund is authorized to issue obliga-
3 tions to the Secretary of the Treasury under
4 subparagraphs (A)(i) and (B). The Secretary of
5 the Treasury is authorized to purchase such ob-
6 ligations of the Trust Fund. For the purposes
7 of making such purchases, the Secretary of the
8 Treasury may use as a public debt transaction
9 the proceeds from the sale of any securities
10 issued under chapter 31 of title 31, United
11 States Code, and the purposes for which securi-
12 ties may be issued under such chapter are ex-
13 tended to include any purchase of such Trust
14 Fund obligations under this subparagraph.

15 (3) ONE-TIME APPROPRIATION.—There is here-
16 by appropriated to the Trust Fund an amount suffi-
17 cient to pay to the general fund of the Treasury the
18 difference between—

19 (A) the market value of the outstanding
20 repayable advances, plus accrued interest; and

21 (B) the proceeds from the obligations
22 issued by the Trust Fund to the Secretary of
23 the Treasury under paragraph (2)(A)(i).

24 (4) PREPAYMENT OF TRUST FUND OBLIGA-
25 TIONS.—The Trust Fund is authorized to repay any

1 obligation issued to the Secretary of the Treasury
2 under subparagraphs (A)(i) and (B) of paragraph
3 (2) prior to its maturity date by paying a prepay-
4 ment price that would, if the obligation being pre-
5 paid (including all unpaid interest accrued thereon
6 through the date of prepayment) were purchased by
7 a third party and held to the maturity date of such
8 obligation, produce a yield to the third-party pur-
9 chaser for the period from the date of purchase to
10 the maturity date of such obligation substantially
11 equal to the Treasury yield on outstanding market-
12 able obligations of the United States having a com-
13 parable maturity to this period.

14 **SEC. 114. SPECIAL RULES FOR REFUND OF THE COAL EX-**
15 **CISE TAX TO CERTAIN COAL PRODUCERS**
16 **AND EXPORTERS.**

17 (a) REFUND.—

18 (1) COAL PRODUCERS.—

19 (A) IN GENERAL.—Notwithstanding sub-
20 sections (a)(1) and (c) of section 6416 and sec-
21 tion 6511 of the Internal Revenue Code of
22 1986, if—

23 (i) a coal producer establishes that
24 such coal producer, or a party related to
25 such coal producer, exported coal produced

1 by such coal producer to a foreign country
2 or shipped coal produced by such coal pro-
3 ducer to a possession of the United States,
4 or caused such coal to be exported or
5 shipped, the export or shipment of which
6 was other than through an exporter who
7 meets the requirements of paragraph (2),

8 (ii) such coal producer filed an excise
9 tax return on or after October 1, 1990,
10 and on or before the date of the enactment
11 of this Act, and

12 (iii) such coal producer files a claim
13 for refund with the Secretary not later
14 than the close of the 30-day period begin-
15 ning on the date of the enactment of this
16 Act,

17 then the Secretary shall pay to such coal pro-
18 ducer an amount equal to the tax paid under
19 section 4121 of such Code on such coal ex-
20 ported or shipped by the coal producer or a
21 party related to such coal producer, or caused
22 by the coal producer or a party related to such
23 coal producer to be exported or shipped.

24 (B) SPECIAL RULES FOR CERTAIN TAX-
25 PAYERS.—For purposes of this section—

1 (i) IN GENERAL.—If a coal producer
2 or a party related to a coal producer has
3 received a judgment described in clause
4 (iii), such coal producer shall be deemed to
5 have established the export of coal to a for-
6 eign country or shipment of coal to a pos-
7 session of the United States under sub-
8 paragraph (A)(i).

9 (ii) AMOUNT OF PAYMENT.—If a tax-
10 payer described in clause (i) is entitled to
11 a payment under subparagraph (A), the
12 amount of such payment shall be reduced
13 by any amount paid pursuant to the judg-
14 ment described in clause (iii).

15 (iii) JUDGMENT DESCRIBED.—A judg-
16 ment is described in this subparagraph if
17 such judgment—

18 (I) is made by a court of com-
19 petent jurisdiction within the United
20 States,

21 (II) relates to the constitu-
22 tionality of any tax paid on exported
23 coal under section 4121 of the Inter-
24 nal Revenue Code of 1986, and

1 (III) is in favor of the coal pro-
2 ducer or the party related to the coal
3 producer.

4 (2) EXPORTERS.—Notwithstanding subsections
5 (a)(1) and (c) of section 6416 and section 6511 of
6 the Internal Revenue Code of 1986, and a judgment
7 described in paragraph (1)(B)(iii) of this subsection,
8 if—

9 (A) an exporter establishes that such ex-
10 porter exported coal to a foreign country or
11 shipped coal to a possession of the United
12 States, or caused such coal to be so exported or
13 shipped,

14 (B) such exporter filed a tax return on or
15 after October 1, 1990, and on or before the
16 date of the enactment of this Act, and

17 (C) such exporter files a claim for refund
18 with the Secretary not later than the close of
19 the 30-day period beginning on the date of the
20 enactment of this Act,

21 then the Secretary shall pay to such exporter an
22 amount equal to \$0.825 per ton of such coal ex-
23 ported by the exporter or caused to be exported or
24 shipped, or caused to be exported or shipped, by the
25 exporter.

1 (b) LIMITATIONS.—Subsection (a) shall not apply
2 with respect to exported coal if a settlement with the Fed-
3 eral Government has been made with and accepted by, the
4 coal producer, a party related to such coal producer, or
5 the exporter, of such coal, as of the date that the claim
6 is filed under this section with respect to such exported
7 coal. For purposes of this subsection, the term “settlement
8 with the Federal Government” shall not include any settle-
9 ment or stipulation entered into as of the date of the en-
10 actment of this Act, the terms of which contemplate a
11 judgment concerning which any party has reserved the
12 right to file an appeal, or has filed an appeal.

13 (c) SUBSEQUENT REFUND PROHIBITED.—No refund
14 shall be made under this section to the extent that a credit
15 or refund of such tax on such exported or shipped coal
16 has been paid to any person.

17 (d) DEFINITIONS.—For purposes of this section—

18 (1) COAL PRODUCER.—The term “coal pro-
19 ducer” means the person in whom is vested owner-
20 ship of the coal immediately after the coal is severed
21 from the ground, without regard to the existence of
22 any contractual arrangement for the sale or other
23 disposition of the coal or the payment of any royal-
24 ties between the producer and third parties. The
25 term includes any person who extracts coal from

1 coal waste refuse piles or from the silt waste product
2 which results from the wet washing (or similar proc-
3 essing) of coal.

4 (2) EXPORTER.—The term “exporter” means a
5 person, other than a coal producer, who does not
6 have a contract, fee arrangement, or any other
7 agreement with a producer or seller of such coal to
8 export or ship such coal to a third party on behalf
9 of the producer or seller of such coal and—

10 (A) is indicated in the shipper’s export
11 declaration or other documentation as the ex-
12 porter of record, or

13 (B) actually exported such coal to a for-
14 eign country or shipped such coal to a posses-
15 sion of the United States, or caused such coal
16 to be so exported or shipped.

17 (3) RELATED PARTY.—The term “a party re-
18 lated to such coal producer” means a person who—

19 (A) is related to such coal producer
20 through any degree of common management,
21 stock ownership, or voting control,

22 (B) is related (within the meaning of sec-
23 tion 144(a)(3) of the Internal Revenue Code of
24 1986) to such coal producer, or

1 (C) has a contract, fee arrangement, or
2 any other agreement with such coal producer to
3 sell such coal to a third party on behalf of such
4 coal producer.

5 (4) SECRETARY.—The term “Secretary” means
6 the Secretary of Treasury or the Secretary’s des-
7 ignee.

8 (e) TIMING OF REFUND.—With respect to any claim
9 for refund filed pursuant to this section, the Secretary
10 shall determine whether the requirements of this section
11 are met not later than 180 days after such claim is filed.
12 If the Secretary determines that the requirements of this
13 section are met, the claim for refund shall be paid not
14 later than 180 days after the Secretary makes such deter-
15 mination.

16 (f) INTEREST.—Any refund paid pursuant to this
17 section shall be paid by the Secretary with interest from
18 the date of overpayment determined by using the overpay-
19 ment rate and method under section 6621 of the Internal
20 Revenue Code of 1986.

21 (g) DENIAL OF DOUBLE BENEFIT.—The payment
22 under subsection (a) with respect to any coal shall not ex-
23 ceed—

24 (1) in the case of a payment to a coal producer,
25 the amount of tax paid under section 4121 of the

1 Internal Revenue Code of 1986 with respect to such
2 coal by such coal producer or a party related to such
3 coal producer, and

4 (2) in the case of a payment to an exporter, an
5 amount equal to \$0.825 per ton with respect to such
6 coal exported by the exporter or caused to be ex-
7 ported by the exporter.

8 (h) APPLICATION OF SECTION.—This section applies
9 only to claims on coal exported or shipped on or after Oc-
10 tober 1, 1990, through the date of the enactment of this
11 Act.

12 (i) STANDING NOT CONFERRED.—

13 (1) EXPORTERS.—With respect to exporters,
14 this section shall not confer standing upon an ex-
15 porter to commence, or intervene in, any judicial or
16 administrative proceeding concerning a claim for re-
17 fund by a coal producer of any Federal or State tax,
18 fee, or royalty paid by the coal producer.

19 (2) COAL PRODUCERS.—With respect to coal
20 producers, this section shall not confer standing
21 upon a coal producer to commence, or intervene in,
22 any judicial or administrative proceeding concerning
23 a claim for refund by an exporter of any Federal or
24 State tax, fee, or royalty paid by the producer and
25 alleged to have been passed on to an exporter.

1 **SEC. 115. TAX CREDIT FOR CARBON DIOXIDE SEQUESTRA-**
2 **TION.**

3 (a) IN GENERAL.—Subpart D of part IV of sub-
4 chapter A of chapter 1 (relating to business credits) is
5 amended by adding at the end the following new section:

6 **“SEC. 45Q. CREDIT FOR CARBON DIOXIDE SEQUESTRATION.**

7 “(a) GENERAL RULE.—For purposes of section 38,
8 the carbon dioxide sequestration credit for any taxable
9 year is an amount equal to the sum of—

10 “(1) \$20 per metric ton of qualified carbon di-
11 oxide which is—

12 “(A) captured by the taxpayer at a quali-
13 fied facility, and

14 “(B) disposed of by the taxpayer in secure
15 geological storage, and

16 “(2) \$10 per metric ton of qualified carbon di-
17 oxide which is—

18 “(A) captured by the taxpayer at a quali-
19 fied facility, and

20 “(B) used by the taxpayer as a tertiary
21 injectant in a qualified enhanced oil or natural
22 gas recovery project.

23 “(b) QUALIFIED CARBON DIOXIDE.—For purposes of
24 this section—

1 “(1) IN GENERAL.—The term ‘qualified carbon
2 dioxide’ means carbon dioxide captured from an in-
3 dustrial source which—

4 “(A) would otherwise be released into the
5 atmosphere as industrial emission of green-
6 house gas, and

7 “(B) is measured at the source of capture
8 and verified at the point of disposal or injec-
9 tion.

10 “(2) RECYCLED CARBON DIOXIDE.—The term
11 ‘qualified carbon dioxide’ includes the initial deposit
12 of captured carbon dioxide used as a tertiary
13 injectant. Such term does not include carbon dioxide
14 that is re-captured, recycled, and re-injected as part
15 of the enhanced oil and natural gas recovery process.

16 “(c) QUALIFIED FACILITY.—For purposes of this
17 section, the term ‘qualified facility’ means any industrial
18 facility—

19 “(1) which is owned by the taxpayer,

20 “(2) at which carbon capture equipment is
21 placed in service, and

22 “(3) which captures not less than 500,000 met-
23 ric tons of carbon dioxide during the taxable year.

24 “(d) SPECIAL RULES AND OTHER DEFINITIONS.—

25 For purposes of this section—

1 “(1) ONLY CARBON DIOXIDE CAPTURED AND
2 DISPOSED OF OR USED WITHIN THE UNITED STATES
3 TAKEN INTO ACCOUNT.—The credit under this sec-
4 tion shall apply only with respect to qualified carbon
5 dioxide the capture and disposal or use of which is
6 within—

7 “(A) the United States (within the mean-
8 ing of section 638(1)), or

9 “(B) a possession of the United States
10 (within the meaning of section 638(2)).

11 “(2) SECURE GEOLOGICAL STORAGE.—The Sec-
12 retary, in consultation with the Administrator of the
13 Environmental Protection Agency, shall establish
14 regulations for determining adequate security meas-
15 ures for the geological storage of carbon dioxide
16 under subsection (a)(1)(B) such that the carbon di-
17 oxide does not escape into the atmosphere. Such
18 term shall include storage at deep saline formations
19 and unminable coal seams under such conditions as
20 the Secretary may determine under such regulations.

21 “(3) TERTIARY INJECTANT.—The term ‘ter-
22 tiary injectant’ has the same meaning as when used
23 within section 193(b)(1).

24 “(4) QUALIFIED ENHANCED OIL OR NATURAL
25 GAS RECOVERY PROJECT.—The term ‘qualified en-

1 “(B) the inflation adjustment factor for
2 such calendar year determined under section
3 43(b)(3)(B) for such calendar year, determined
4 by substituting ‘2008’ for ‘1990’.

5 “(e) APPLICATION OF SECTION.—The credit under
6 this section shall apply with respect to qualified carbon
7 dioxide before the end of the calendar year in which the
8 Secretary, in consultation with the Administrator of the
9 Environmental Protection Agency, certifies that
10 75,000,000 metric tons of qualified carbon dioxide have
11 been captured and disposed of or used as a tertiary
12 injectant.”.

13 (b) CONFORMING AMENDMENT.—Section 38(b) (re-
14 lating to general business credit) is amended by striking
15 “plus” at the end of paragraph (32), by striking the period
16 at the end of paragraph (33) and inserting “, plus”, and
17 by adding at the end of following new paragraph:

18 “(34) the carbon dioxide sequestration credit
19 determined under section 45Q(a).”.

20 (c) CLERICAL AMENDMENT.—The table of sections
21 for subpart B of part IV of subchapter A of chapter 1
22 (relating to other credits) is amended by adding at the
23 end the following new section:

“Sec. 45Q. Credit for carbon dioxide sequestration.”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to carbon dioxide captured after
3 the date of the enactment of this Act.

4 **SEC. 116. CERTAIN INCOME AND GAINS RELATING TO IN-**
5 **DUSTRIAL SOURCE CARBON DIOXIDE TREAT-**
6 **ED AS QUALIFYING INCOME FOR PUBLICLY**
7 **TRADED PARTNERSHIPS.**

8 (a) IN GENERAL.—Subparagraph (E) of section
9 7704(d)(1) (defining qualifying income) is amended by in-
10 serting “or industrial source carbon dioxide” after “tim-
11 ber)”.

12 (b) EFFECTIVE DATE.—The amendment made by
13 this section shall take effect on the date of the enactment
14 of this Act, in taxable years ending after such date.

15 **SEC. 117. CARBON AUDIT OF THE TAX CODE.**

16 (a) STUDY.—The Secretary of the Treasury shall
17 enter into an agreement with the National Academy of
18 Sciences to undertake a comprehensive review of the Inter-
19 nal Revenue Code of 1986 to identify the types of and
20 specific tax provisions that have the largest effects on car-
21 bon and other greenhouse gas emissions and to estimate
22 the magnitude of those effects.

23 (b) REPORT.—Not later than 2 years after the date
24 of enactment of this Act, the National Academy of

1 Sciences shall submit to Congress a report containing the
2 results of study authorized under this section.

3 (c) AUTHORIZATION OF APPROPRIATIONS.—There is
4 authorized to be appropriated to carry out this section
5 \$1,500,000 for the period of fiscal years 2009 and 2010.

6 **TITLE II—TRANSPORTATION**
7 **AND DOMESTIC FUEL SECUR-**
8 **RITY PROVISIONS**

9 **SEC. 201. INCLUSION OF CELLULOSIC BIOFUEL IN BONUS**
10 **DEPRECIATION FOR BIOMASS ETHANOL**
11 **PLANT PROPERTY.**

12 (a) IN GENERAL.—Paragraph (3) of section 168(l)
13 is amended to read as follows:

14 “(3) CELLULOSIC BIOFUEL.—The term ‘cel-
15 lulosic biofuel’ means any liquid fuel which is pro-
16 duced from any lignocellulosic or hemicellulosic mat-
17 ter that is available on a renewable or recurring
18 basis.”.

19 (b) CONFORMING AMENDMENTS.—Subsection (l) of
20 section 168 is amended—

21 (1) by striking “cellulosic biomass ethanol”
22 each place it appears and inserting “cellulosic
23 biofuel”,

1 (2) by striking “CELLULOSIC BIOMASS ETH-
2 ANOL” in the heading of such subsection and insert-
3 ing “CELLULOSIC BIOFUEL”, and

4 (3) by striking “CELLULOSIC BIOMASS ETH-
5 ANOL” in the heading of paragraph (2) thereof and
6 inserting “CELLULOSIC BIOFUEL”.

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to property placed in service after
9 the date of the enactment of this Act, in taxable years
10 ending after such date.

11 **SEC. 202. CREDITS FOR BIODIESEL AND RENEWABLE DIE-**
12 **SEL.**

13 (a) IN GENERAL.—Sections 40A(g), 6426(c)(6), and
14 6427(e)(5)(B) are each amended by striking “December
15 31, 2008” and inserting “December 31, 2009”.

16 (b) INCREASE IN RATE OF CREDIT.—

17 (1) INCOME TAX CREDIT.—Paragraphs (1)(A)
18 and (2)(A) of section 40A(b) are each amended by
19 striking “50 cents” and inserting “\$1.00”.

20 (2) EXCISE TAX CREDIT.—Paragraph (2) of
21 section 6426(c) is amended to read as follows:

22 “(2) APPLICABLE AMOUNT.—For purposes of
23 this subsection, the applicable amount is \$1.00.”.

24 (3) CONFORMING AMENDMENTS.—

1 (A) Subsection (b) of section 40A is
2 amended by striking paragraph (3) and by re-
3 designating paragraphs (4) and (5) as para-
4 graphs (3) and (4), respectively.

5 (B) Paragraph (2) of section 40A(f) is
6 amended to read as follows:

7 “(2) EXCEPTION.—Subsection (b)(4) shall not
8 apply with respect to renewable diesel.”.

9 (C) Paragraphs (2) and (3) of section
10 40A(e) are each amended by striking “sub-
11 section (b)(5)(C)” and inserting “subsection
12 (b)(4)(C)”.

13 (D) Clause (ii) of section 40A(d)(3)(C) is
14 amended by striking “subsection (b)(5)(B)”
15 and inserting “subsection (b)(4)(B)”.

16 (c) UNIFORM TREATMENT OF DIESEL PRODUCED
17 FROM BIOMASS.—Paragraph (3) of section 40A(f) is
18 amended—

19 (1) by striking “diesel fuel” and inserting “liq-
20 uid fuel”,

21 (2) by striking “using a thermal
22 depolymerization process”, and

23 (3) by inserting “, or other equivalent standard
24 approved by the Secretary” after “D396”.

1 (d) COPRODUCTION OF RENEWABLE DIESEL WITH
2 PETROLEUM FEEDSTOCK.—

3 (1) IN GENERAL.—Paragraph (3) of section
4 40A(f) is amended by adding at the end the fol-
5 lowing new sentences: “Such term does not include
6 any fuel derived from coprocessing biomass with a
7 feedstock which is not biomass. For purposes of this
8 paragraph, the term ‘biomass’ has the meaning
9 given such term by section 45K(c)(3).”.

10 (2) CONFORMING AMENDMENT.—Paragraph (3)
11 of section 40A(f) is amended by striking “(as de-
12 fined in section 45K(c)(3))”.

13 (e) ELIGIBILITY OF CERTAIN AVIATION FUEL.—Sub-
14 section (f) of section 40A (relating to renewable diesel)
15 is amended by adding at the end the following new para-
16 graph:

17 “(4) CERTAIN AVIATION FUEL.—

18 “(A) IN GENERAL.—Except as provided in
19 the last 3 sentences of paragraph (3), the term
20 ‘renewable diesel’ shall include fuel derived from
21 biomass which meets the requirements of a De-
22 partment of Defense specification for military
23 jet fuel or an American Society of Testing and
24 Materials specification for aviation turbine fuel.

1 “(B) APPLICATION OF MIXTURE CRED-
2 ITS.—In the case of fuel which is treated as re-
3 newable diesel solely by reason of subparagraph
4 (A), subsection (b)(1) and section 6426(c) shall
5 be applied with respect to such fuel by treating
6 kerosene as though it were diesel fuel.”.

7 (f) MODIFICATION RELATING TO DEFINITION OF
8 AGRI-BIODIESEL.—Paragraph (2) of section 40A(d) (re-
9 lating to agri-biodiesel) is amended by striking “and mus-
10 tard seeds” and inserting “mustard seeds, and camelina”.

11 (g) EFFECTIVE DATE.—

12 (1) IN GENERAL.—Except as otherwise pro-
13 vided in this subsection, the amendments made by
14 this section shall apply to fuel produced, and sold or
15 used, after December 31, 2008.

16 (2) COPRODUCTION OF RENEWABLE DIESEL
17 WITH PETROLEUM FEEDSTOCK.—The amendment
18 made by subsection (d) shall apply to fuel produced,
19 and sold or used, after the date of the enactment of
20 this Act.

1 **SEC. 203. CLARIFICATION THAT CREDITS FOR FUEL ARE**
2 **DESIGNED TO PROVIDE AN INCENTIVE FOR**
3 **UNITED STATES PRODUCTION.**

4 (a) ALCOHOL FUELS CREDIT.—Subsection (d) of
5 section 40 is amended by adding at the end the following
6 new paragraph:

7 “(7) LIMITATION TO ALCOHOL WITH CONNEC-
8 TION TO THE UNITED STATES.—No credit shall be
9 determined under this section with respect to any al-
10 cohool which is produced outside the United States
11 for use as a fuel outside the United States. For pur-
12 poses of this paragraph, the term ‘United States’ in-
13 cludes any possession of the United States.”.

14 (b) BIODIESEL FUELS CREDIT.—Subsection (d) of
15 section 40A is amended by adding at the end the following
16 new paragraph:

17 “(5) LIMITATION TO BIODIESEL WITH CONNEC-
18 TION TO THE UNITED STATES.—No credit shall be
19 determined under this section with respect to any
20 biodiesel which is produced outside the United
21 States for use as a fuel outside the United States.
22 For purposes of this paragraph, the term ‘United
23 States’ includes any possession of the United
24 States.”.

25 (c) EXCISE TAX CREDIT.—

1 (1) IN GENERAL.—Section 6426 is amended by
2 adding at the end the following new subsection:

3 “(i) LIMITATION TO FUELS WITH CONNECTION TO
4 THE UNITED STATES.—

5 “(1) ALCOHOL.—No credit shall be determined
6 under this section with respect to any alcohol which
7 is produced outside the United States for use as a
8 fuel outside the United States.

9 “(2) BIODIESEL AND ALTERNATIVE FUELS.—
10 No credit shall be determined under this section
11 with respect to any biodiesel or alternative fuel
12 which is produced outside the United States for use
13 as a fuel outside the United States.

14 For purposes of this subsection, the term ‘United States’
15 includes any possession of the United States.”.

16 (2) CONFORMING AMENDMENT.—Subsection (e)
17 of section 6427 is amended by redesignating para-
18 graph (5) as paragraph (6) and by inserting after
19 paragraph (4) the following new paragraph:

20 “(5) LIMITATION TO FUELS WITH CONNECTION
21 TO THE UNITED STATES.—No amount shall be pay-
22 able under paragraph (1) or (2) with respect to any
23 mixture or alternative fuel if credit is not allowed
24 with respect to such mixture or alternative fuel by
25 reason of section 6426(i).”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to claims for credit or payment
3 made on or after May 15, 2008.

4 **SEC. 204. EXTENSION AND MODIFICATION OF ALTER-**
5 **NATIVE FUEL CREDIT.**

6 (a) EXTENSION.—

7 (1) ALTERNATIVE FUEL CREDIT.—Paragraph
8 (4) of section 6426(d) (relating to alternative fuel
9 credit) is amended by striking “September 30,
10 2009” and inserting “December 31, 2009”.

11 (2) ALTERNATIVE FUEL MIXTURE CREDIT.—
12 Paragraph (3) of section 6426(e) (relating to alter-
13 native fuel mixture credit) is amended by striking
14 “September 30, 2009” and inserting “December 31,
15 2009”.

16 (3) PAYMENTS.—Subparagraph (C) of section
17 6427(e)(5) (relating to termination) is amended by
18 striking “September 30, 2009” and inserting “De-
19 cember 31, 2009”.

20 (b) MODIFICATIONS.—

21 (1) ALTERNATIVE FUEL TO INCLUDE COM-
22 PRESSED OR LIQUIFIED BIOMASS GAS.—Paragraph
23 (2) of section 6426(d) (relating to alternative fuel
24 credit) is amended by striking “and” at the end of
25 subparagraph (E), by redesignating subparagraph

1 (F) as subparagraph (G), and by inserting after sub-
2 paragraph (E) the following new subparagraph:

3 “(F) compressed or liquefied gas derived
4 from biomass (as defined in section 45K(c)(3)),
5 and”.

6 (2) CREDIT ALLOWED FOR AVIATION USE OF
7 FUEL.—Paragraph (1) of section 6426(d) is amend-
8 ed by inserting “sold by the taxpayer for use as a
9 fuel in aviation,” after “motorboat,”.

10 (c) CARBON CAPTURE REQUIREMENT FOR CERTAIN
11 FUELS.—

12 (1) IN GENERAL.—Subsection (d) of section
13 6426, as amended by subsection (a), is amended by
14 redesignating paragraph (4) as paragraph (5) and
15 by inserting after paragraph (3) the following new
16 paragraph:

17 “(4) CARBON CAPTURE REQUIREMENT.—

18 “(A) IN GENERAL.—The requirements of
19 this paragraph are met if the fuel is certified,
20 under such procedures as required by the Sec-
21 retary, as having been derived from coal pro-
22 duced at a gasification facility which separates
23 and sequesters not less than the applicable per-
24 centage of such facility’s total carbon dioxide
25 emissions.

1 “(B) APPLICABLE PERCENTAGE.—For
2 purposes of subparagraph (A), the applicable
3 percentage is—

4 “(i) 50 percent in the case of fuel pro-
5 duced after September 30, 2009, and on or
6 before December 30, 2009, and

7 “(ii) 75 percent in the case of fuel
8 produced after December 30, 2009.”.

9 (2) CONFORMING AMENDMENT.—Subparagraph
10 (E) of section 6426(d)(2) is amended by inserting
11 “which meets the requirements of paragraph (4) and
12 which is” after “any liquid fuel”.

13 (d) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to fuel sold or used after the date
15 of the enactment of this Act.

16 **SEC. 205. CREDIT FOR NEW QUALIFIED PLUG-IN ELECTRIC**
17 **DRIVE MOTOR VEHICLES.**

18 (a) PLUG-IN ELECTRIC DRIVE MOTOR VEHICLE
19 CREDIT.—Subpart B of part IV of subchapter A of chap-
20 ter 1 (relating to other credits) is amended by adding at
21 the end the following new section:

22 **“SEC. 30D. NEW QUALIFIED PLUG-IN ELECTRIC DRIVE**
23 **MOTOR VEHICLES.**

24 “(a) ALLOWANCE OF CREDIT.—

1 “(1) IN GENERAL.—There shall be allowed as a
2 credit against the tax imposed by this chapter for
3 the taxable year an amount equal to the applicable
4 amount with respect to each new qualified plug-in
5 electric drive motor vehicle placed in service by the
6 taxpayer during the taxable year.

7 “(2) APPLICABLE AMOUNT.—For purposes of
8 paragraph (1), the applicable amount is sum of—

9 “(A) \$2,500, plus

10 “(B) \$417 for each kilowatt hour of trac-
11 tion battery capacity in excess of 4 kilowatt
12 hours.

13 “(b) LIMITATIONS.—

14 “(1) LIMITATION BASED ON WEIGHT.—The
15 amount of the credit allowed under subsection (a) by
16 reason of subsection (a)(2) shall not exceed—

17 “(A) \$7,500, in the case of any new quali-
18 fied plug-in electric drive motor vehicle with a
19 gross vehicle weight rating of not more than
20 10,000 pounds,

21 “(B) \$10,000, in the case of any new
22 qualified plug-in electric drive motor vehicle
23 with a gross vehicle weight rating of more than
24 10,000 pounds but not more than 14,000
25 pounds,

1 “(C) \$12,500, in the case of any new
2 qualified plug-in electric drive motor vehicle
3 with a gross vehicle weight rating of more than
4 14,000 pounds but not more than 26,000
5 pounds, and

6 “(D) \$15,000, in the case of any new
7 qualified plug-in electric drive motor vehicle
8 with a gross vehicle weight rating of more than
9 26,000 pounds.

10 “(2) LIMITATION ON NUMBER OF PASSENGER
11 VEHICLES AND LIGHT TRUCKS ELIGIBLE FOR CRED-
12 IT.—

13 “(A) IN GENERAL.—In the case of a new
14 qualified plug-in electric drive motor vehicle
15 sold during the phaseout period, only the appli-
16 cable percentage of the credit otherwise allow-
17 able under subsection (a) shall be allowed.

18 “(B) PHASEOUT PERIOD.—For purposes
19 of this subsection, the phaseout period is the
20 period beginning with the second calendar quar-
21 ter following the calendar quarter which in-
22 cludes the first date on which the total number
23 of such new qualified plug-in electric drive
24 motor vehicles sold for use in the United States
25 after December 31, 2008, is at least 250,000.

1 “(C) APPLICABLE PERCENTAGE.—For
2 purposes of subparagraph (A), the applicable
3 percentage is—

4 “(i) 50 percent for the first 2 cal-
5 endar quarters of the phaseout period,

6 “(ii) 25 percent for the 3d and 4th
7 calendar quarters of the phaseout period,
8 and

9 “(iii) 0 percent for each calendar
10 quarter thereafter.

11 “(D) CONTROLLED GROUPS.—Rules simi-
12 lar to the rules of section 30B(f)(4) shall apply
13 for purposes of this subsection.

14 “(c) NEW QUALIFIED PLUG-IN ELECTRIC DRIVE
15 MOTOR VEHICLE.—For purposes of this section, the term
16 ‘new qualified plug-in electric drive motor vehicle’ means
17 a motor vehicle—

18 “(1) which draws propulsion using a traction
19 battery with at least 4 kilowatt hours of capacity,

20 “(2) which uses an offboard source of energy to
21 recharge such battery,

22 “(3) which, in the case of a passenger vehicle
23 or light truck which has a gross vehicle weight rat-
24 ing of not more than 8,500 pounds, has received a
25 certificate of conformity under the Clean Air Act

1 and meets or exceeds the equivalent qualifying Cali-
2 fornia low emission vehicle standard under section
3 243(e)(2) of the Clean Air Act for that make and
4 model year, and

5 “(A) in the case of a vehicle having a gross
6 vehicle weight rating of 6,000 pounds or less,
7 the Bin 5 Tier II emission standard established
8 in regulations prescribed by the Administrator
9 of the Environmental Protection Agency under
10 section 202(i) of the Clean Air Act for that
11 make and model year vehicle, and

12 “(B) in the case of a vehicle having a gross
13 vehicle weight rating of more than 6,000
14 pounds but not more than 8,500 pounds, the
15 Bin 8 Tier II emission standard which is so es-
16 tablished,

17 “(4) the original use of which commences with
18 the taxpayer,

19 “(5) which is acquired for use or lease by the
20 taxpayer and not for resale, and

21 “(6) which is made by a manufacturer.

22 “(d) APPLICATION WITH OTHER CREDITS.—

23 “(1) BUSINESS CREDIT TREATED AS PART OF
24 GENERAL BUSINESS CREDIT.—So much of the credit
25 which would be allowed under subsection (a) for any

1 taxable year (determined without regard to this sub-
2 section) that is attributable to property of a char-
3 acter subject to an allowance for depreciation shall
4 be treated as a credit listed in section 38(b) for such
5 taxable year (and not allowed under subsection (a)).

6 “(2) PERSONAL CREDIT.—

7 “(A) IN GENERAL.—For purposes of this
8 title, the credit allowed under subsection (a) for
9 any taxable year (determined after application
10 of paragraph (1)) shall be treated as a credit
11 allowable under subpart A for such taxable
12 year.

13 “(B) LIMITATION BASED ON AMOUNT OF
14 TAX.—In the case of a taxable year to which
15 section 26(a)(2) does not apply, the credit al-
16 lowed under subsection (a) for any taxable year
17 (determined after application of paragraph (1))
18 shall not exceed the excess of—

19 “(i) the sum of the regular tax liabil-
20 ity (as defined in section 26(b)) plus the
21 tax imposed by section 55, over

22 “(ii) the sum of the credits allowable
23 under subpart A (other than this section
24 and sections 23 and 25D) and section 27
25 for the taxable year.

1 “(e) OTHER DEFINITIONS AND SPECIAL RULES.—

2 For purposes of this section—

3 “(1) MOTOR VEHICLE.—The term ‘motor vehi-
4 cle’ has the meaning given such term by section
5 30(c)(2).

6 “(2) OTHER TERMS.—The terms ‘passenger
7 automobile’, ‘light truck’, and ‘manufacturer’ have
8 the meanings given such terms in regulations pre-
9 scribed by the Administrator of the Environmental
10 Protection Agency for purposes of the administra-
11 tion of title II of the Clean Air Act (42 U.S.C. 7521
12 et seq.).

13 “(3) TRACTION BATTERY CAPACITY.—Traction
14 battery capacity shall be measured in kilowatt hours
15 from a 100 percent state of charge to a zero percent
16 state of charge.

17 “(4) REDUCTION IN BASIS.—For purposes of
18 this subtitle, the basis of any property for which a
19 credit is allowable under subsection (a) shall be re-
20 duced by the amount of such credit so allowed.

21 “(5) NO DOUBLE BENEFIT.—The amount of
22 any deduction or other credit allowable under this
23 chapter for a new qualified plug-in electric drive
24 motor vehicle shall be reduced by the amount of

1 credit allowed under subsection (a) for such vehicle
2 for the taxable year.

3 “(6) PROPERTY USED BY TAX-EXEMPT ENTI-
4 TY.—In the case of a vehicle the use of which is de-
5 scribed in paragraph (3) or (4) of section 50(b) and
6 which is not subject to a lease, the person who sold
7 such vehicle to the person or entity using such vehi-
8 cle shall be treated as the taxpayer that placed such
9 vehicle in service, but only if such person clearly dis-
10 closes to such person or entity in a document the
11 amount of any credit allowable under subsection (a)
12 with respect to such vehicle (determined without re-
13 gard to subsection (b)(2)).

14 “(7) PROPERTY USED OUTSIDE UNITED
15 STATES, ETC., NOT QUALIFIED.—No credit shall be
16 allowable under subsection (a) with respect to any
17 property referred to in section 50(b)(1) or with re-
18 spect to the portion of the cost of any property
19 taken into account under section 179.

20 “(8) RECAPTURE.—The Secretary shall, by reg-
21 ulations, provide for recapturing the benefit of any
22 credit allowable under subsection (a) with respect to
23 any property which ceases to be property eligible for
24 such credit (including recapture in the case of a

1 lease period of less than the economic life of a vehi-
2 cle).

3 “(9) ELECTION TO NOT TAKE CREDIT.—No
4 credit shall be allowed under subsection (a) for any
5 vehicle if the taxpayer elects not to have this section
6 apply to such vehicle.

7 “(10) INTERACTION WITH AIR QUALITY AND
8 MOTOR VEHICLE SAFETY STANDARDS.—Unless oth-
9 erwise provided in this section, a motor vehicle shall
10 not be considered eligible for a credit under this sec-
11 tion unless such vehicle is in compliance with—

12 “(A) the applicable provisions of the Clean
13 Air Act for the applicable make and model year
14 of the vehicle (or applicable air quality provi-
15 sions of State law in the case of a State which
16 has adopted such provision under a waiver
17 under section 209(b) of the Clean Air Act), and

18 “(B) the motor vehicle safety provisions of
19 sections 30101 through 30169 of title 49,
20 United States Code.

21 “(f) REGULATIONS.—

22 “(1) IN GENERAL.—Except as provided in para-
23 graph (2), the Secretary shall promulgate such regu-
24 lations as necessary to carry out the provisions of
25 this section.

1 “(2) COORDINATION IN PRESCRIPTION OF CER-
2 TAIN REGULATIONS.—The Secretary of the Treas-
3 ury, in coordination with the Secretary of Transpor-
4 tation and the Administrator of the Environmental
5 Protection Agency, shall prescribe such regulations
6 as necessary to determine whether a motor vehicle
7 meets the requirements to be eligible for a credit
8 under this section.

9 “(g) TERMINATION.—This section shall not apply to
10 property purchased after December 31, 2014.”.

11 (b) COORDINATION WITH ALTERNATIVE MOTOR VE-
12 HICLE CREDIT.—Section 30B(d)(3) is amended by adding
13 at the end the following new subparagraph:

14 “(D) EXCLUSION OF PLUG-IN VEHICLES.—
15 Any vehicle with respect to which a credit is al-
16 lowable under section 30D (determined without
17 regard to subsection (d) thereof) shall not be
18 taken into account under this section.”.

19 (c) CREDIT MADE PART OF GENERAL BUSINESS
20 CREDIT.—Section 38(b), as amended by this Act, is
21 amended by striking “plus” at the end of paragraph (33),
22 by striking the period at the end of paragraph (34) and
23 inserting “plus”, and by adding at the end the following
24 new paragraph:

1 “(35) the portion of the new qualified plug-in
2 electric drive motor vehicle credit to which section
3 30D(d)(1) applies.”.

4 (d) CONFORMING AMENDMENTS.—

5 (1)(A) Section 24(b)(3)(B), as amended by sec-
6 tion 106, is amended by striking “and 25D” and in-
7 serting “25D, and 30D”.

8 (B) Section 25(e)(1)(C)(ii) is amended by in-
9 serting “30D,” after “25D,”.

10 (C) Section 25B(g)(2), as amended by section
11 106, is amended by striking “and 25D” and insert-
12 ing “, 25D, and 30D”.

13 (D) Section 26(a)(1), as amended by section
14 106, is amended by striking “and 25D” and insert-
15 ing “25D, and 30D”.

16 (E) Section 1400C(d)(2) is amended by striking
17 “and 25D” and inserting “25D, and 30D”.

18 (2) Section 1016(a) is amended by striking
19 “and” at the end of paragraph (35), by striking the
20 period at the end of paragraph (36) and inserting “,
21 and”, and by adding at the end the following new
22 paragraph:

23 “(37) to the extent provided in section
24 30D(e)(4).”.

1 (3) Section 6501(m) is amended by inserting
2 “30D(e)(9),” after “30C(e)(5),”.

3 (4) The table of sections for subpart B of part
4 IV of subchapter A of chapter 1 is amended by add-
5 ing at the end the following new item:

 “Sec. 30D. New qualified plug-in electric drive motor vehicles.”.

6 (e) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to taxable years beginning after
8 December 31, 2008.

9 (f) APPLICATION OF EGTRRA SUNSET.—The
10 amendment made by subsection (d)(1)(A) shall be subject
11 to title IX of the Economic Growth and Tax Relief Rec-
12 onciliation Act of 2001 in the same manner as the provi-
13 sion of such Act to which such amendment relates.

14 **SEC. 206. EXCLUSION FROM HEAVY TRUCK TAX FOR IDLING**
15 **REDUCTION UNITS AND ADVANCED INSULA-**
16 **TION.**

17 (a) IN GENERAL.—Section 4053 is amended by add-
18 ing at the end the following new paragraphs:

19 “(9) IDLING REDUCTION DEVICE.—Any device
20 or system of devices which—

21 “(A) is designed to provide to a vehicle
22 those services (such as heat, air conditioning, or
23 electricity) that would otherwise require the op-
24 eration of the main drive engine while the vehi-
25 cle is temporarily parked or remains stationary

1 using one or more devices affixed to a tractor,
2 and

3 “(B) is determined by the Administrator of
4 the Environmental Protection Agency, in con-
5 sultation with the Secretary of Energy and the
6 Secretary of Transportation, to reduce idling of
7 such vehicle at a motor vehicle rest stop or
8 other location where such vehicles are tempo-
9 rarily parked or remain stationary.

10 “(10) **ADVANCED INSULATION.**—Any insulation
11 that has an R value of not less than R35 per inch.”.

12 (b) **EFFECTIVE DATE.**—The amendment made by
13 this section shall apply to sales or installations after the
14 date of the enactment of this Act.

15 **SEC. 207. ALTERNATIVE FUEL VEHICLE REFUELING PROP-**
16 **ERTY CREDIT.**

17 (a) **EXTENSION OF CREDIT.**—Paragraph (2) of sec-
18 tion 30C(g) is amended by striking “December 31, 2009”
19 and inserting “December 31, 2010”.

20 (b) **INCLUSION OF ELECTRICITY AS A CLEAN-BURN-**
21 **ING FUEL.**—Section 30C(e)(2) is amended by adding at
22 the end the following new subparagraph:

23 “(C) Electricity.”.

24 (c) **EFFECTIVE DATE.**—The amendments made by
25 this section shall apply to property placed in service after

1 the date of the enactment of this Act, in taxable years
2 ending after such date.

3 **SEC. 208. CERTAIN INCOME AND GAINS RELATING TO AL-**
4 **COHOL FUELS AND MIXTURES, BIODIESEL**
5 **FUELS AND MIXTURES, AND ALTERNATIVE**
6 **FUELS AND MIXTURES TREATED AS QUALI-**
7 **FYING INCOME FOR PUBLICLY TRADED**
8 **PARTNERSHIPS.**

9 (a) IN GENERAL.—Subparagraph (E) of section
10 7704(d)(1), as amended by this Act, is amended by strik-
11 ing “or industrial source carbon dioxide” and inserting “,
12 industrial source carbon dioxide, or the transportation or
13 storage of any fuel described in subsection (b), (c), (d),
14 or (e) of section 6426, or any alcohol fuel defined in sec-
15 tion 6426(b)(4)(A) or any biodiesel fuel as defined in sec-
16 tion 40A(d)(1)” after “timber”).

17 (b) EFFECTIVE DATE.—The amendment made by
18 this section shall take effect on the date of the enactment
19 of this Act, in taxable years ending after such date.

20 **SEC. 209. EXTENSION AND MODIFICATION OF ELECTION TO**
21 **EXPENSE CERTAIN REFINERIES.**

22 (a) EXTENSION.—Paragraph (1) of section 179C(c)
23 (relating to qualified refinery property) is amended—

24 (1) by striking “January 1, 2012” in subpara-
25 graph (B) and inserting “January 1, 2014”, and

1 period beginning with the first day of such
2 calendar year for reasonable expenses in-
3 curred by the employee during such cal-
4 endar year for the purchase of a bicycle
5 and bicycle improvements, repair, and stor-
6 age, if such bicycle is regularly used for
7 travel between the employee's residence
8 and place of employment.

9 “(ii) APPLICABLE ANNUAL LIMITA-
10 TION.—The term ‘applicable annual limita-
11 tion’ means, with respect to any employee
12 for any calendar year, the product of \$20
13 multiplied by the number of qualified bicy-
14 cle commuting months during such year.

15 “(iii) QUALIFIED BICYCLE COM-
16 MUTING MONTH.—The term ‘qualified bi-
17 cycle commuting month’ means, with re-
18 spect to any employee, any month during
19 which such employee—

20 “(I) regularly uses the bicycle for
21 a substantial portion of the travel be-
22 tween the employee's residence and
23 place of employment, and

1 “(II) does not receive any benefit
2 described in subparagraph (A), (B),
3 or (C) of paragraph (1).”.

4 (d) CONSTRUCTIVE RECEIPT OF BENEFIT.—Para-
5 graph (4) of section 132(f) is amended by inserting
6 “(other than a qualified bicycle commuting reimburse-
7 ment)” after “qualified transportation fringe”.

8 (e) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to taxable years beginning after
10 December 31, 2008.

11 **TITLE III—ENERGY CONSERVA-** 12 **TION AND EFFICIENCY PRO-** 13 **VISIONS**

14 **SEC. 301. QUALIFIED ENERGY CONSERVATION BONDS.**

15 (a) IN GENERAL.—Subpart I of part IV of sub-
16 chapter A of chapter 1, as amended by section 107, is
17 amended by adding at the end the following new section:

18 **“SEC. 54D. QUALIFIED ENERGY CONSERVATION BONDS.**

19 “(a) QUALIFIED ENERGY CONSERVATION BOND.—
20 For purposes of this subchapter, the term ‘qualified en-
21 ergy conservation bond’ means any bond issued as part
22 of an issue if—

23 “(1) 100 percent of the available project pro-
24 ceeds of such issue are to be used for one or more
25 qualified conservation purposes,

1 “(2) the bond is issued by a State or local gov-
2 ernment, and

3 “(3) the issuer designates such bond for pur-
4 poses of this section.

5 “(b) REDUCED CREDIT AMOUNT.—The annual credit
6 determined under section 54A(b) with respect to any
7 qualified energy conservation bond shall be 70 percent of
8 the amount so determined without regard to this sub-
9 section.

10 “(c) LIMITATION ON AMOUNT OF BONDS DES-
11 IGNATED.—The maximum aggregate face amount of
12 bonds which may be designated under subsection (a) by
13 any issuer shall not exceed the limitation amount allocated
14 to such issuer under subsection (e).

15 “(d) NATIONAL LIMITATION ON AMOUNT OF BONDS
16 DESIGNATED.—There is a national qualified energy con-
17 servation bond limitation of \$800,000,000.

18 “(e) ALLOCATIONS.—

19 “(1) IN GENERAL.—The limitation applicable
20 under subsection (d) shall be allocated by the Sec-
21 retary among the States in proportion to the popu-
22 lation of the States.

23 “(2) ALLOCATIONS TO LARGEST LOCAL GOV-
24 ERNMENTS.—

1 “(A) IN GENERAL.—In the case of any
2 State in which there is a large local govern-
3 ment, each such local government shall be allo-
4 cated a portion of such State’s allocation which
5 bears the same ratio to the State’s allocation
6 (determined without regard to this subpara-
7 graph) as the population of such large local
8 government bears to the population of such
9 State.

10 “(B) ALLOCATION OF UNUSED LIMITATION
11 TO STATE.—The amount allocated under this
12 subsection to a large local government may be
13 reallocated by such local government to the
14 State in which such local government is located.

15 “(C) LARGE LOCAL GOVERNMENT.—For
16 purposes of this section, the term ‘large local
17 government’ means any municipality or county
18 if such municipality or county has a population
19 of 100,000 or more.

20 “(3) ALLOCATION TO ISSUERS; RESTRICTION
21 ON PRIVATE ACTIVITY BONDS.—Any allocation
22 under this subsection to a State or large local gov-
23 ernment shall be allocated by such State or large
24 local government to issuers within the State in a
25 manner that results in not less than 70 percent of

1 the allocation to such State or large local govern-
2 ment being used to designate bonds which are not
3 private activity bonds.

4 “(f) QUALIFIED CONSERVATION PURPOSE.—For
5 purposes of this section—

6 “(1) IN GENERAL.—The term ‘qualified con-
7 servation purpose’ means any of the following:

8 “(A) Capital expenditures incurred for
9 purposes of—

10 “(i) reducing energy consumption in
11 publicly-owned buildings by at least 20
12 percent,

13 “(ii) implementing green community
14 programs,

15 “(iii) rural development involving the
16 production of electricity from renewable
17 energy resources, or

18 “(iv) any qualified facility (as deter-
19 mined under section 45(d) without regard
20 to paragraphs (8) and (10) thereof and
21 without regard to any placed in service
22 date).

23 “(B) Expenditures with respect to research
24 facilities, and research grants, to support re-
25 search in—

1 “(i) development of cellulosic ethanol
2 or other nonfossil fuels,

3 “(ii) technologies for the capture and
4 sequestration of carbon dioxide produced
5 through the use of fossil fuels,

6 “(iii) increasing the efficiency of exist-
7 ing technologies for producing nonfossil
8 fuels,

9 “(iv) automobile battery technologies
10 and other technologies to reduce fossil fuel
11 consumption in transportation, or

12 “(v) technologies to reduce energy use
13 in buildings.

14 “(C) Mass commuting facilities and related
15 facilities that reduce the consumption of energy,
16 including expenditures to reduce pollution from
17 vehicles used for mass commuting.

18 “(D) Demonstration projects designed to
19 promote the commercialization of—

20 “(i) green building technology,

21 “(ii) conversion of agricultural waste
22 for use in the production of fuel or other-
23 wise,

24 “(iii) advanced battery manufacturing
25 technologies,

1 “(iv) technologies to reduce peak use
2 of electricity, or

3 “(v) technologies for the capture and
4 sequestration of carbon dioxide emitted
5 from combusting fossil fuels in order to
6 produce electricity.

7 “(E) Public education campaigns to pro-
8 mote energy efficiency.

9 “(2) SPECIAL RULES FOR PRIVATE ACTIVITY
10 BONDS.—For purposes of this section, in the case of
11 any private activity bond, the term ‘qualified con-
12 servation purposes’ shall not include any expenditure
13 which is not a capital expenditure.

14 “(g) POPULATION.—

15 “(1) IN GENERAL.—The population of any
16 State or local government shall be determined for
17 purposes of this section as provided in section 146(j)
18 for the calendar year which includes the date of the
19 enactment of this section.

20 “(2) SPECIAL RULE FOR COUNTIES.—In deter-
21 mining the population of any county for purposes of
22 this section, any population of such county which is
23 taken into account in determining the population of
24 any municipality which is a large local government

1 shall not be taken into account in determining the
2 population of such county.

3 “(h) APPLICATION TO INDIAN TRIBAL GOVERN-
4 MENTS.—An Indian tribal government shall be treated for
5 purposes of this section in the same manner as a large
6 local government, except that—

7 “(1) an Indian tribal government shall be treat-
8 ed for purposes of subsection (e) as located within
9 a State to the extent of so much of the population
10 of such government as resides within such State,
11 and

12 “(2) any bond issued by an Indian tribal gov-
13 ernment shall be treated as a qualified energy con-
14 servation bond only if issued as part of an issue the
15 available project proceeds of which are used for pur-
16 poses for which such Indian tribal government could
17 issue bonds to which section 103(a) applies.”.

18 (b) CONFORMING AMENDMENTS.—

19 (1) Paragraph (1) of section 54A(d), as amend-
20 ed by this Act, is amended to read as follows:

21 “(1) QUALIFIED TAX CREDIT BOND.—The term
22 ‘qualified tax credit bond’ means—

23 “(A) a qualified forestry conservation
24 bond,

1 “(B) a new clean renewable energy bond,

2 or

3 “(C) a qualified energy conservation bond,

4 which is part of an issue that meets requirements of

5 paragraphs (2), (3), (4), (5), and (6).”.

6 (2) Subparagraph (C) of section 54A(d)(2), as

7 amended by this Act, is amended to read as follows:

8 “(C) QUALIFIED PURPOSE.—For purposes

9 of this paragraph, the term ‘qualified purpose’

10 means—

11 “(i) in the case of a qualified forestry

12 conservation bond, a purpose specified in

13 section 54B(e),

14 “(ii) in the case of a new clean renew-

15 able energy bond, a purpose specified in

16 section 54C(a)(1), and

17 “(iii) in the case of a qualified energy

18 conservation bond, a purpose specified in

19 section 54D(a)(1).”.

20 (3) The table of sections for subpart I of part

21 IV of subchapter A of chapter 1, as amended by this

22 Act, is amended by adding at the end the following

23 new item:

“Sec. 54D. Qualified energy conservation bonds.”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to obligations issued after the date
3 of the enactment of this Act.

4 **SEC. 302. CREDIT FOR NONBUSINESS ENERGY PROPERTY.**

5 (a) EXTENSION OF CREDIT.—Section 25C(g) is
6 amended by striking “placed in service after December 31,
7 2007” and inserting “placed in service—

8 “(1) after December 31, 2007, and before Jan-
9 uary 1, 2009, or

10 “(2) after December 31, 2010.”.

11 (b) QUALIFIED BIOMASS FUEL PROPERTY.—

12 (1) IN GENERAL.—Section 25C(d)(3) is amend-
13 ed—

14 (A) by striking “and” at the end of sub-
15 paragraph (D),

16 (B) by striking the period at the end of
17 subparagraph (E) and inserting “, and”, and

18 (C) by adding at the end the following new
19 subparagraph:

20 “(F) a stove which uses the burning of bio-
21 mass fuel to heat a dwelling unit located in the
22 United States and used as a residence by the
23 taxpayer, or to heat water for use in such a
24 dwelling unit, and which has a thermal effi-
25 ciency rating of at least 75 percent.”.

1 The standards and requirements prescribed by
2 the Secretary under subparagraph (B) with re-
3 spect to the energy efficiency ratio (EER) for
4 central air conditioners and electric heat
5 pumps—

6 “(i) shall require measurements to be
7 based on published data which is tested by
8 manufacturers at 95 degrees Fahrenheit,
9 and

10 “(ii) may be based on the certified
11 data of the Air Conditioning and Refrig-
12 eration Institute that are prepared in part-
13 nership with the Consortium for Energy
14 Efficiency.”.

15 (e) MODIFICATION OF QUALIFIED ENERGY EFFI-
16 CIENCY IMPROVEMENTS.—

17 (1) IN GENERAL.—Paragraph (1) of section
18 25C(c) is amended by inserting “, or an asphalt roof
19 with appropriate cooling granules,” before “which
20 meet the Energy Star program requirements”.

21 (2) BUILDING ENVELOPE COMPONENT.—Sub-
22 paragraph (D) of section 25C(c)(2) is amended—

23 (A) by inserting “or asphalt roof” after
24 “metal roof”, and

1 (B) by inserting “or cooling granules”
2 after “pigmented coatings”.

3 (f) EFFECTIVE DATES.—

4 (1) IN GENERAL.—Except as provided in para-
5 graph (2), the amendments made this section shall
6 apply to expenditures made after December 31,
7 2008.

8 (2) MODIFICATION OF QUALIFIED ENERGY EF-
9 FICIENCY IMPROVEMENTS.—The amendments made
10 by subsection (e) shall apply to property placed in
11 service after the date of the enactment of this Act.

12 **SEC. 303. ENERGY EFFICIENT COMMERCIAL BUILDINGS DE-**
13 **DUCTION.**

14 Subsection (h) of section 179D is amended by strik-
15 ing “December 31, 2008” and inserting “December 31,
16 2013”.

17 **SEC. 304. NEW ENERGY EFFICIENT HOME CREDIT.**

18 Subsection (g) of section 45L (relating to termi-
19 nation) is amended by striking “December 31, 2008” and
20 inserting “December 31, 2009”.

21 **SEC. 305. MODIFICATIONS OF ENERGY EFFICIENT APPLI-**
22 **ANCE CREDIT FOR APPLIANCES PRODUCED**
23 **AFTER 2007.**

24 (a) IN GENERAL.—Subsection (b) of section 45M is
25 amended to read as follows:

1 “(b) APPLICABLE AMOUNT.—For purposes of sub-
2 section (a)—

3 “(1) DISHWASHERS.—The applicable amount
4 is—

5 “(A) \$45 in the case of a dishwasher which
6 is manufactured in calendar year 2008 or 2009
7 and which uses no more than 324 kilowatt
8 hours per year and 5.8 gallons per cycle, and

9 “(B) \$75 in the case of a dishwasher
10 which is manufactured in calendar year 2008,
11 2009, or 2010 and which uses no more than
12 307 kilowatt hours per year and 5.0 gallons per
13 cycle (5.5 gallons per cycle for dishwashers de-
14 signed for greater than 12 place settings).

15 “(2) CLOTHES WASHERS.—The applicable
16 amount is—

17 “(A) \$75 in the case of a residential top-
18 loading clothes washer manufactured in cal-
19 endar year 2008 which meets or exceeds a 1.72
20 modified energy factor and does not exceed a
21 8.0 water consumption factor,

22 “(B) \$125 in the case of a residential top-
23 loading clothes washer manufactured in cal-
24 endar year 2008 or 2009 which meets or ex-

1 ceeds a 1.8 modified energy factor and does not
2 exceed a 7.5 water consumption factor,

3 “(C) \$150 in the case of a residential or
4 commercial clothes washer manufactured in cal-
5 endar year 2008, 2009, or 2010 which meets or
6 exceeds 2.0 modified energy factor and does not
7 exceed a 6.0 water consumption factor, and

8 “(D) \$250 in the case of a residential or
9 commercial clothes washer manufactured in cal-
10 endar year 2008, 2009, or 2010 which meets or
11 exceeds 2.2 modified energy factor and does not
12 exceed a 4.5 water consumption factor.

13 “(3) REFRIGERATORS.—The applicable amount
14 is—

15 “(A) \$50 in the case of a refrigerator
16 which is manufactured in calendar year 2008,
17 and consumes at least 20 percent but not more
18 than 22.9 percent less kilowatt hours per year
19 than the 2001 energy conservation standards,

20 “(B) \$75 in the case of a refrigerator
21 which is manufactured in calendar year 2008 or
22 2009, and consumes at least 23 percent but no
23 more than 24.9 percent less kilowatt hours per
24 year than the 2001 energy conservation stand-
25 ards,

1 “(C) \$100 in the case of a refrigerator
2 which is manufactured in calendar year 2008,
3 2009, or 2010, and consumes at least 25 per-
4 cent but not more than 29.9 percent less kilo-
5 watt hours per year than the 2001 energy con-
6 servation standards, and

7 “(D) \$200 in the case of a refrigerator
8 manufactured in calendar year 2008, 2009, or
9 2010 and which consumes at least 30 percent
10 less energy than the 2001 energy conservation
11 standards.”.

12 (b) ELIGIBLE PRODUCTION.—

13 (1) SIMILAR TREATMENT FOR ALL APPLI-
14 ANCES.—Subsection (c) of section 45M is amend-
15 ed—

16 (A) by striking paragraph (2),

17 (B) by striking “(1) IN GENERAL” and all
18 that follows through “the eligible” and inserting
19 “The eligible”,

20 (C) by moving the text of such subsection
21 in line with the subsection heading, and

22 (D) by redesignating subparagraphs (A)
23 and (B) as paragraphs (1) and (2), respectively,
24 and by moving such paragraphs 2 ems to the
25 left.

1 (2) MODIFICATION OF BASE PERIOD.—Para-
2 graph (2) of section 45M(e), as amended by para-
3 graph (1), is amended by striking “3-calendar year”
4 and inserting “2-calendar year”.

5 (c) TYPES OF ENERGY EFFICIENT APPLIANCES.—
6 Subsection (d) of section 45M is amended to read as fol-
7 lows:

8 “(d) TYPES OF ENERGY EFFICIENT APPLIANCE.—
9 For purposes of this section, the types of energy efficient
10 appliances are—

11 “(1) dishwashers described in subsection (b)(1),

12 “(2) clothes washers described in subsection
13 (b)(2), and

14 “(3) refrigerators described in subsection
15 (b)(3).”.

16 (d) AGGREGATE CREDIT AMOUNT ALLOWED.—

17 (1) INCREASE IN LIMIT.—Paragraph (1) of sec-
18 tion 45M(e) is amended to read as follows:

19 “(1) AGGREGATE CREDIT AMOUNT ALLOWED.—
20 The aggregate amount of credit allowed under sub-
21 section (a) with respect to a taxpayer for any tax-
22 able year shall not exceed \$75,000,000 reduced by
23 the amount of the credit allowed under subsection
24 (a) to the taxpayer (or any predecessor) for all prior
25 taxable years beginning after December 31, 2007.”.

1 (2) EXCEPTION FOR CERTAIN REFRIGERATOR
2 AND CLOTHES WASHERS.—Paragraph (2) of section
3 45M(e) is amended to read as follows:

4 “(2) AMOUNT ALLOWED FOR CERTAIN REFRIG-
5 ERATORS AND CLOTHES WASHERS.—Refrigerators
6 described in subsection (b)(3)(D) and clothes wash-
7 ers described in subsection (b)(2)(D) shall not be
8 taken into account under paragraph (1).”.

9 (e) QUALIFIED ENERGY EFFICIENT APPLIANCES.—
10 (1) IN GENERAL.—Paragraph (1) of section
11 45M(f) is amended to read as follows:

12 “(1) QUALIFIED ENERGY EFFICIENT APPLI-
13 ANCE.—The term ‘qualified energy efficient appli-
14 ance’ means—

15 “(A) any dishwasher described in sub-
16 section (b)(1),

17 “(B) any clothes washer described in sub-
18 section (b)(2), and

19 “(C) any refrigerator described in sub-
20 section (b)(3).”.

21 (2) CLOTHES WASHER.—Section 45M(f)(3) is
22 amended by inserting “commercial” before “residen-
23 tial” the second place it appears.

24 (3) TOP-LOADING CLOTHES WASHER.—Sub-
25 section (f) of section 45M is amended by redesignig-

1 nating paragraphs (4), (5), (6), and (7) as para-
2 graphs (5), (6), (7), and (8), respectively, and by in-
3 serting after paragraph (3) the following new para-
4 graph:

5 “(4) TOP-LOADING CLOTHES WASHER.—The
6 term ‘top-loading clothes washer’ means a clothes
7 washer which has the clothes container compartment
8 access located on the top of the machine and which
9 operates on a vertical axis.”.

10 (4) REPLACEMENT OF ENERGY FACTOR.—Sec-
11 tion 45M(f)(6), as redesignated by paragraph (3), is
12 amended to read as follows:

13 “(6) MODIFIED ENERGY FACTOR.—The term
14 ‘modified energy factor’ means the modified energy
15 factor established by the Department of Energy for
16 compliance with the Federal energy conservation
17 standard.”.

18 (5) GALLONS PER CYCLE; WATER CONSUMP-
19 TION FACTOR.—Section 45M(f), as amended by
20 paragraph (3), is amended by adding at the end the
21 following:

22 “(9) GALLONS PER CYCLE.—The term ‘gallons
23 per cycle’ means, with respect to a dishwasher, the
24 amount of water, expressed in gallons, required to
25 complete a normal cycle of a dishwasher.

1 “(10) WATER CONSUMPTION FACTOR.—The
2 term ‘water consumption factor’ means, with respect
3 to a clothes washer, the quotient of the total weight-
4 ed per-cycle water consumption divided by the cubic
5 foot (or liter) capacity of the clothes washer.”.

6 (f) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to appliances produced after De-
8 cember 31, 2007.

9 **SEC. 306. ACCELERATED RECOVERY PERIOD FOR DEPREE-**
10 **CIATION OF SMART METERS AND SMART**
11 **GRID SYSTEMS.**

12 (a) IN GENERAL.—Section 168(e)(3)(D) is amended
13 by striking “and” at the end of clause (i), by striking the
14 period at the end of clause (ii) and inserting a comma,
15 and by inserting after clause (ii) the following new clauses:

16 “(iii) any qualified smart electric
17 meter, and

18 “(iv) any qualified smart electric grid
19 system.”.

20 (b) DEFINITIONS.—Section 168(i) is amended by in-
21 serting at the end the following new paragraph:

22 “(18) QUALIFIED SMART ELECTRIC METERS.—
23 “(A) IN GENERAL.—The term ‘qualified
24 smart electric meter’ means any smart electric
25 meter which—

1 “(i) is placed in service by a taxpayer
2 who is a supplier of electric energy or a
3 provider of electric energy services, and

4 “(ii) does not have a class life (deter-
5 mined without regard to subsection (e)) of
6 less than 10 years.

7 “(B) SMART ELECTRIC METER.—For pur-
8 poses of subparagraph (A), the term ‘smart
9 electric meter’ means any time-based meter and
10 related communication equipment which is ca-
11 pable of being used by the taxpayer as part of
12 a system that—

13 “(i) measures and records electricity
14 usage data on a time-differentiated basis
15 in at least 24 separate time segments per
16 day,

17 “(ii) provides for the exchange of in-
18 formation between supplier or provider and
19 the customer’s electric meter in support of
20 time-based rates or other forms of demand
21 response,

22 “(iii) provides data to such supplier or
23 provider so that the supplier or provider
24 can provide energy usage information to
25 customers electronically, and

1 “(iv) provides net metering.

2 “(19) QUALIFIED SMART ELECTRIC GRID SYS-
3 TEMS.—

4 “(A) IN GENERAL.—The term ‘qualified
5 smart electric grid system’ means any smart
6 grid property which—

7 “(i) is used as part of a system for
8 electric distribution grid communications,
9 monitoring, and management placed in
10 service by a taxpayer who is a supplier of
11 electric energy or a provider of electric en-
12 ergy services, and

13 “(ii) does not have a class life (deter-
14 mined without regard to subsection (e)) of
15 less than 10 years.

16 “(B) SMART GRID PROPERTY.—For the
17 purposes of subparagraph (A), the term ‘smart
18 grid property’ means electronics and related
19 equipment that is capable of—

20 “(i) sensing, collecting, and moni-
21 toring data of or from all portions of a
22 utility’s electric distribution grid,

23 “(ii) providing real-time, two-way
24 communications to monitor or manage
25 such grid, and

1 “(iii) providing real time analysis of
2 and event prediction based upon collected
3 data that can be used to improve electric
4 distribution system reliability, quality, and
5 performance.”.

6 (c) CONTINUED APPLICATION OF 150 PERCENT DE-
7 CLINING BALANCE METHOD.—Paragraph (2) of section
8 168(b) is amended by striking “or” at the end of subpara-
9 graph (B), by redesignating subparagraph (C) as subpara-
10 graph (D), and by inserting after subparagraph (B) the
11 following new subparagraph:

12 “(C) any property (other than property de-
13 scribed in paragraph (3)) which is a qualified
14 smart electric meter or qualified smart electric
15 grid system, or”.

16 (d) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to property placed in service after
18 the date of the enactment of this Act.

19 **SEC. 307. QUALIFIED GREEN BUILDING AND SUSTAINABLE**
20 **DESIGN PROJECTS.**

21 (a) IN GENERAL.—Paragraph (8) of section 142(l)
22 is amended by striking “September 30, 2009” and insert-
23 ing “September 30, 2012”.

24 (b) TREATMENT OF CURRENT REFUNDING
25 BONDS.—Paragraph (9) of section 142(l) is amended by

1 striking “October 1, 2009” and inserting “October 1,
2 2012”.

3 (c) ACCOUNTABILITY.—The second sentence of sec-
4 tion 701(d) of the American Jobs Creation Act of 2004
5 is amended by striking “issuance,” and inserting
6 “issuance of the last issue with respect to such project,”.

7 **SEC. 308. SPECIAL DEPRECIATION ALLOWANCE FOR CER-**
8 **TAIN REUSE AND RECYCLING PROPERTY.**

9 (a) IN GENERAL.—Section 168 is amended by adding
10 at the end the following new subsection:

11 “(m) SPECIAL ALLOWANCE FOR CERTAIN REUSE
12 AND RECYCLING PROPERTY.—

13 “(1) IN GENERAL.—In the case of any qualified
14 reuse and recycling property—

15 “(A) the depreciation deduction provided
16 by section 167(a) for the taxable year in which
17 such property is placed in service shall include
18 an allowance equal to 50 percent of the ad-
19 justed basis of the qualified reuse and recycling
20 property, and

21 “(B) the adjusted basis of the qualified
22 reuse and recycling property shall be reduced by
23 the amount of such deduction before computing
24 the amount otherwise allowable as a deprecia-

1 tion deduction under this chapter for such tax-
2 able year and any subsequent taxable year.

3 “(2) QUALIFIED REUSE AND RECYCLING PROP-
4 ERTY.—For purposes of this subsection—

5 “(A) IN GENERAL.—The term ‘qualified
6 reuse and recycling property’ means any reuse
7 and recycling property—

8 “(i) to which this section applies,

9 “(ii) which has a useful life of at least
10 5 years,

11 “(iii) the original use of which com-
12 mences with the taxpayer after August 31,
13 2008, and

14 “(iv) which is—

15 “(I) acquired by purchase (as de-
16 fined in section 179(d)(2)) by the tax-
17 payer after August 31, 2008, but only
18 if no written binding contract for the
19 acquisition was in effect before Sep-
20 tember 1, 2008, or

21 “(II) acquired by the taxpayer
22 pursuant to a written binding contract
23 which was entered into after August
24 31, 2008.

25 “(B) EXCEPTIONS.—

1 “(i) BONUS DEPRECIATION PROPERTY
2 UNDER SUBSECTION (k).—The term ‘quali-
3 fied reuse and recycling property’ shall not
4 include any property to which section
5 168(k) applies.

6 “(ii) ALTERNATIVE DEPRECIATION
7 PROPERTY.—The term ‘qualified reuse and
8 recycling property’ shall not include any
9 property to which the alternative deprecia-
10 tion system under subsection (g) applies,
11 determined without regard to paragraph
12 (7) of subsection (g) (relating to election to
13 have system apply).

14 “(iii) ELECTION OUT.—If a taxpayer
15 makes an election under this clause with
16 respect to any class of property for any
17 taxable year, this subsection shall not
18 apply to all property in such class placed
19 in service during such taxable year.

20 “(C) SPECIAL RULE FOR SELF-CON-
21 STRUCTED PROPERTY.—In the case of a tax-
22 payer manufacturing, constructing, or pro-
23 ducing property for the taxpayer’s own use, the
24 requirements of clause (iv) of subparagraph (A)
25 shall be treated as met if the taxpayer begins

1 manufacturing, constructing, or producing the
2 property after August 31, 2008.

3 “(D) DEDUCTION ALLOWED IN COM-
4 PUTING MINIMUM TAX.—For purposes of deter-
5 mining alternative minimum taxable income
6 under section 55, the deduction under sub-
7 section (a) for qualified reuse and recycling
8 property shall be determined under this section
9 without regard to any adjustment under section
10 56.

11 “(3) DEFINITIONS.—For purposes of this sub-
12 section—

13 “(A) REUSE AND RECYCLING PROPERTY.—

14 “(i) IN GENERAL.—The term ‘reuse
15 and recycling property’ means any machin-
16 ery and equipment (not including buildings
17 or real estate), along with all appur-
18 tenances thereto, including software nec-
19 essary to operate such equipment, which is
20 used exclusively to collect, distribute, or re-
21 cycle qualified reuse and recyclable mate-
22 rials.

23 “(ii) EXCLUSION.—Such term does
24 not include rolling stock or other equip-

1 ment used to transport reuse and recycla-
2 ble materials.

3 “(B) QUALIFIED REUSE AND RECYCLABLE
4 MATERIALS.—

5 “(i) IN GENERAL.—The term ‘quali-
6 fied reuse and recyclable materials’ means
7 scrap plastic, scrap glass, scrap textiles,
8 scrap rubber, scrap packaging, recovered
9 fiber, scrap ferrous and nonferrous metals,
10 or electronic scrap generated by an indi-
11 vidual or business.

12 “(ii) ELECTRONIC SCRAP.—For pur-
13 poses of clause (i), the term ‘electronic
14 scrap’ means—

15 “(I) any cathode ray tube, flat
16 panel screen, or similar video display
17 device with a screen size greater than
18 4 inches measured diagonally, or

19 “(II) any central processing unit.

20 “(C) RECYCLING OR RECYCLE.—The term
21 ‘recycling’ or ‘recycle’ means that process (in-
22 cluding sorting) by which worn or superfluous
23 materials are manufactured or processed into
24 specification grade commodities that are suit-
25 able for use as a replacement or substitute for

1 virgin materials in manufacturing tangible con-
2 sumer and commercial products, including
3 packaging.”.

4 (b) EFFECTIVE DATE.—The amendment made by
5 this section shall apply to property placed in service after
6 August 31, 2008.

7 **TITLE IV—REVENUE**
8 **PROVISIONS**

9 **SEC. 401. LIMITATION OF DEDUCTION FOR INCOME AT-**
10 **TRIBUTABLE TO DOMESTIC PRODUCTION OF**
11 **OIL, GAS, OR PRIMARY PRODUCTS THEREOF.**

12 (a) IN GENERAL.—Section 199(d) is amended by re-
13 designating paragraph (9) as paragraph (10) and by in-
14 serting after paragraph (8) the following new paragraph:

15 “(9) SPECIAL RULE FOR TAXPAYERS WITH OIL
16 RELATED QUALIFIED PRODUCTION ACTIVITIES IN-
17 COME.—

18 “(A) IN GENERAL.—If a taxpayer has oil
19 related qualified production activities income for
20 any taxable year beginning after 2009, the
21 amount otherwise allowable as a deduction
22 under subsection (a) shall be reduced by 3 per-
23 cent of the least of—

1 “(i) the oil related qualified produc-
2 tion activities income of the taxpayer for
3 the taxable year,

4 “(ii) the qualified production activities
5 income of the taxpayer for the taxable
6 year, or

7 “(iii) taxable income (determined
8 without regard to this section).

9 “(B) OIL RELATED QUALIFIED PRODUC-
10 TION ACTIVITIES INCOME.—For purposes of
11 this paragraph, the term ‘oil related qualified
12 production activities income’ means for any tax-
13 able year the qualified production activities in-
14 come which is attributable to the production,
15 refining, processing, transportation, or distribu-
16 tion of oil, gas, or any primary product thereof
17 during such taxable year.

18 “(C) PRIMARY PRODUCT.—For purposes of
19 this paragraph, the term ‘primary product’ has
20 the same meaning as when used in section
21 927(a)(2)(C), as in effect before its repeal.”.

22 (b) CONFORMING AMENDMENT.—Section 199(d)(2)
23 (relating to application to individuals) is amended by
24 striking “subsection (a)(1)(B)” and inserting “subsections
25 (a)(1)(B) and (d)(9)(A)(iii)”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2008.

4 **SEC. 402. ELIMINATION OF THE DIFFERENT TREATMENT**
5 **OF FOREIGN OIL AND GAS EXTRACTION IN-**
6 **COME AND FOREIGN OIL RELATED INCOME**
7 **FOR PURPOSES OF THE FOREIGN TAX CRED-**
8 **IT.**

9 (a) IN GENERAL.—Subsections (a) and (b) of section
10 907 (relating to special rules in case of foreign oil and
11 gas income) are amended to read as follows:

12 “(a) REDUCTION IN AMOUNT ALLOWED AS FOREIGN
13 TAX UNDER SECTION 901.—In applying section 901, the
14 amount of any foreign oil and gas taxes paid or accrued
15 (or deemed to have been paid) during the taxable year
16 which would (but for this subsection) be taken into ac-
17 count for purposes of section 901 shall be reduced by the
18 amount (if any) by which the amount of such taxes ex-
19 ceeds the product of—

20 “(1) the amount of the combined foreign oil
21 and gas income for the taxable year,

22 “(2) multiplied by—

23 “(A) in the case of a corporation, the per-
24 centage which is equal to the highest rate of tax
25 specified under section 11(b), or

1 “(B) in the case of an individual, a frac-
2 tion the numerator of which is the tax against
3 which the credit under section 901(a) is taken
4 and the denominator of which is the taxpayer’s
5 entire taxable income.

6 “(b) COMBINED FOREIGN OIL AND GAS INCOME;
7 FOREIGN OIL AND GAS TAXES.—For purposes of this sec-
8 tion—

9 “(1) COMBINED FOREIGN OIL AND GAS IN-
10 COME.—The term ‘combined foreign oil and gas in-
11 come’ means, with respect to any taxable year, the
12 sum of—

13 “(A) foreign oil and gas extraction income,
14 and

15 “(B) foreign oil related income.

16 “(2) FOREIGN OIL AND GAS TAXES.—The term
17 ‘foreign oil and gas taxes’ means, with respect to
18 any taxable year, the sum of—

19 “(A) oil and gas extraction taxes, and

20 “(B) any income, war profits, and excess
21 profits taxes paid or accrued (or deemed to
22 have been paid or accrued under section 902 or
23 960) during the taxable year with respect to
24 foreign oil related income (determined without
25 regard to subsection (c)(4)) or loss which would

1 be taken into account for purposes of section
2 901 without regard to this section.”.

3 (b) RECAPTURE OF FOREIGN OIL AND GAS
4 LOSSES.—Paragraph (4) of section 907(c) (relating to re-
5 capture of foreign oil and gas extraction losses by re-
6 characterizing later extraction income) is amended to read
7 as follows:

8 “(4) RECAPTURE OF FOREIGN OIL AND GAS
9 LOSSES BY RECHARACTERIZING LATER COMBINED
10 FOREIGN OIL AND GAS INCOME.—

11 “(A) IN GENERAL.—The combined foreign
12 oil and gas income of a taxpayer for a taxable
13 year (determined without regard to this para-
14 graph) shall be reduced—

15 “(i) first by the amount determined
16 under subparagraph (B), and

17 “(ii) then by the amount determined
18 under subparagraph (C).

19 The aggregate amount of such reductions shall
20 be treated as income (from sources without the
21 United States) which is not combined foreign
22 oil and gas income.

23 “(B) REDUCTION FOR PRE-2009 FOREIGN
24 OIL EXTRACTION LOSSES.—The reduction

1 under this paragraph shall be equal to the less-
2 er of—

3 “(i) the foreign oil and gas extraction
4 income of the taxpayer for the taxable year
5 (determined without regard to this para-
6 graph), or

7 “(ii) the excess of—

8 “(I) the aggregate amount of for-
9 eign oil extraction losses for preceding
10 taxable years beginning after Decem-
11 ber 31, 1982, and before January 1,
12 2009, over

13 “(II) so much of such aggregate
14 amount as was recharacterized under
15 this paragraph (as in effect before
16 and after the date of the enactment of
17 the Energy Improvement and Exten-
18 sion Act of 2008) for preceding tax-
19 able years beginning after December
20 31, 1982.

21 “(C) REDUCTION FOR POST-2008 FOREIGN
22 OIL AND GAS LOSSES.—The reduction under
23 this paragraph shall be equal to the lesser of—

24 “(i) the combined foreign oil and gas
25 income of the taxpayer for the taxable year

1 (determined without regard to this para-
2 graph), reduced by an amount equal to the
3 reduction under subparagraph (A) for the
4 taxable year, or

5 “(ii) the excess of—

6 “(I) the aggregate amount of for-
7 eign oil and gas losses for preceding
8 taxable years beginning after Decem-
9 ber 31, 2008, over

10 “(II) so much of such aggregate
11 amount as was recharacterized under
12 this paragraph for preceding taxable
13 years beginning after December 31,
14 2008.

15 “(D) FOREIGN OIL AND GAS LOSS DE-
16 FINED.—

17 “(i) IN GENERAL.—For purposes of
18 this paragraph, the term ‘foreign oil and
19 gas loss’ means the amount by which—

20 “(I) the gross income for the tax-
21 able year from sources without the
22 United States and its possessions
23 (whether or not the taxpayer chooses
24 the benefits of this subpart for such
25 taxable year) taken into account in

1 determining the combined foreign oil
2 and gas income for such year, is ex-
3 ceeded by

4 “(II) the sum of the deductions
5 properly apportioned or allocated
6 thereto.

7 “(ii) NET OPERATING LOSS DEDUC-
8 TION NOT TAKEN INTO ACCOUNT.—For
9 purposes of clause (i), the net operating
10 loss deduction allowable for the taxable
11 year under section 172(a) shall not be
12 taken into account.

13 “(iii) EXPROPRIATION AND CASUALTY
14 LOSSES NOT TAKEN INTO ACCOUNT.—For
15 purposes of clause (i), there shall not be
16 taken into account—

17 “(I) any foreign expropriation
18 loss (as defined in section 172(h) (as
19 in effect on the day before the date of
20 the enactment of the Revenue Rec-
21 onciliation Act of 1990)) for the tax-
22 able year, or

23 “(II) any loss for the taxable
24 year which arises from fire, storm,

1 shipwreck, or other casualty, or from
2 theft,
3 to the extent such loss is not compensated
4 for by insurance or otherwise.

5 “(iv) FOREIGN OIL EXTRACTION
6 LOSS.—For purposes of subparagraph
7 (B)(ii)(I), foreign oil extraction losses shall
8 be determined under this paragraph as in
9 effect on the day before the date of the en-
10 actment of the Energy Improvement and
11 Extension Act of 2008.”

12 (c) CARRYBACK AND CARRYOVER OF DISALLOWED
13 CREDITS.—Section 907(f) (relating to carryback and car-
14 rryover of disallowed credits) is amended—

15 (1) by striking “oil and gas extraction taxes”
16 each place it appears and inserting “foreign oil and
17 gas taxes”, and

18 (2) by adding at the end the following new
19 paragraph:

20 “(4) TRANSITION RULES FOR PRE-2009 AND
21 2009 DISALLOWED CREDITS.—

22 “(A) PRE-2009 CREDITS.—In the case of
23 any unused credit year beginning before Janu-
24 ary 1, 2009, this subsection shall be applied to
25 any unused oil and gas extraction taxes carried

1 from such unused credit year to a year begin-
2 ning after December 31, 2008—

3 “(i) by substituting ‘oil and gas ex-
4 traction taxes’ for ‘foreign oil and gas
5 taxes’ each place it appears in paragraphs
6 (1), (2), and (3), and

7 “(ii) by computing, for purposes of
8 paragraph (2)(A), the limitation under
9 subparagraph (A) for the year to which
10 such taxes are carried by substituting ‘for-
11 eign oil and gas extraction income’ for ‘for-
12 eign oil and gas income’ in subsection (a).

13 “(B) 2009 CREDITS.—In the case of any
14 unused credit year beginning in 2009, the
15 amendments made to this subsection by the En-
16 ergy Improvement and Extension Act of 2008
17 shall be treated as being in effect for any pre-
18 ceding year beginning before January 1, 2009,
19 solely for purposes of determining how much of
20 the unused foreign oil and gas taxes for such
21 unused credit year may be deemed paid or ac-
22 crued in such preceding year.”.

23 (d) CONFORMING AMENDMENT.—Section 6501(i) is
24 amended by striking “oil and gas extraction taxes” and
25 inserting “foreign oil and gas taxes”.

1 (e) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2008.

4 **SEC. 403. BROKER REPORTING OF CUSTOMER'S BASIS IN**
5 **SECURITIES TRANSACTIONS.**

6 (a) IN GENERAL.—

7 (1) BROKER REPORTING FOR SECURITIES
8 TRANSACTIONS.—Section 6045 is amended by add-
9 ing at the end the following new subsection:

10 “(g) ADDITIONAL INFORMATION REQUIRED IN THE
11 CASE OF SECURITIES TRANSACTIONS, ETC.—

12 “(1) IN GENERAL.—If a broker is otherwise re-
13 quired to make a return under subsection (a) with
14 respect to the gross proceeds of the sale of a covered
15 security, the broker shall include in such return the
16 information described in paragraph (2).

17 “(2) ADDITIONAL INFORMATION REQUIRED.—

18 “(A) IN GENERAL.—The information re-
19 quired under paragraph (1) to be shown on a
20 return with respect to a covered security of a
21 customer shall include the customer's adjusted
22 basis in such security and whether any gain or
23 loss with respect to such security is long-term
24 or short-term (within the meaning of section
25 1222).

1 “(B) DETERMINATION OF ADJUSTED
2 BASIS.—For purposes of subparagraph (A)—

3 “(i) IN GENERAL.—The customer’s
4 adjusted basis shall be determined—

5 “(I) in the case of any security
6 (other than any stock for which an av-
7 erage basis method is permissible
8 under section 1012), in accordance
9 with the first-in first-out method un-
10 less the customer notifies the broker
11 by means of making an adequate
12 identification of the stock sold or
13 transferred, and

14 “(II) in the case of any stock for
15 which an average basis method is per-
16 missible under section 1012, in ac-
17 cordance with the broker’s default
18 method unless the customer notifies
19 the broker that he elects another ac-
20 ceptable method under section 1012
21 with respect to the account in which
22 such stock is held.

23 “(ii) EXCEPTION FOR WASH SALES.—
24 Except as otherwise provided by the Sec-
25 retary, the customer’s adjusted basis shall

1 “(iii) any commodity, or contract or
2 derivative with respect to such commodity,
3 if the Secretary determines that adjusted
4 basis reporting is appropriate for purposes
5 of this subsection, and

6 “(iv) any other financial instrument
7 with respect to which the Secretary deter-
8 mines that adjusted basis reporting is ap-
9 propriate for purposes of this subsection.

10 “(C) APPLICABLE DATE.—The term ‘appli-
11 cable date’ means—

12 “(i) January 1, 2011, in the case of
13 any specified security which is stock in a
14 corporation (other than any stock de-
15 scribed in clause (ii)),

16 “(ii) January 1, 2012, in the case of
17 any stock for which an average basis meth-
18 od is permissible under section 1012, and

19 “(iii) January 1, 2013, or such later
20 date determined by the Secretary in the
21 case of any other specified security.

22 “(4) TREATMENT OF S CORPORATIONS.—In the
23 case of the sale of a covered security acquired by an
24 S corporation (other than a financial institution)
25 after December 31, 2011, such S corporation shall

1 be treated in the same manner as a partnership for
2 purposes of this section.

3 “(5) SPECIAL RULES FOR SHORT SALES.—In
4 the case of a short sale, reporting under this section
5 shall be made for the year in which such sale is
6 closed.”.

7 (2) BROKER INFORMATION REQUIRED WITH RE-
8 SPECT TO OPTIONS.—Section 6045, as amended by
9 subsection (a), is amended by adding at the end the
10 following new subsection:

11 “(h) APPLICATION TO OPTIONS ON SECURITIES.—

12 “(1) EXERCISE OF OPTION.—For purposes of
13 this section, if a covered security is acquired or dis-
14 posed of pursuant to the exercise of an option that
15 was granted or acquired in the same account as the
16 covered security, the amount received with respect to
17 the grant or paid with respect to the acquisition of
18 such option shall be treated as an adjustment to
19 gross proceeds or as an adjustment to basis, as the
20 case may be.

21 “(2) LAPSE OR CLOSING TRANSACTION.—In the
22 case of the lapse (or closing transaction (as defined
23 in section 1234(b)(2)(A))) of an option on a speci-
24 fied security or the exercise of a cash-settled option
25 on a specified security, reporting under subsections

1 (a) and (g) with respect to such option shall be
2 made for the calendar year which includes the date
3 of such lapse, closing transaction, or exercise.

4 “(3) PROSPECTIVE APPLICATION.—Paragraphs
5 (1) and (2) shall not apply to any option which is
6 granted or acquired before January 1, 2013.

7 “(4) DEFINITIONS.—For purposes of this sub-
8 section, the terms ‘covered security’ and ‘specified
9 security’ shall have the meanings given such terms
10 in subsection (g)(3).”.

11 (3) EXTENSION OF PERIOD FOR STATEMENTS
12 SENT TO CUSTOMERS.—

13 (A) IN GENERAL.—Subsection (b) of sec-
14 tion 6045 is amended by striking “January 31”
15 and inserting “February 15”.

16 (B) STATEMENTS RELATED TO SUB-
17 STITUTE PAYMENTS.—Subsection (d) of section
18 6045 is amended—

19 (i) by striking “at such time and”,
20 and

21 (ii) by inserting after “other item.”
22 the following new sentence: “The written
23 statement required under the preceding
24 sentence shall be furnished on or before
25 February 15 of the year following the cal-

1 endar year in which the payment was
2 made.”.

3 (C) OTHER STATEMENTS.—Subsection (b)
4 of section 6045 is amended by adding at the
5 end the following: “In the case of a consolidated
6 reporting statement (as defined in regulations)
7 with respect to any customer, any statement
8 which would otherwise be required to be fur-
9 nished on or before January 31 of a calendar
10 year with respect to any item reportable to the
11 taxpayer shall instead be required to be fur-
12 nished on or before February 15 of such cal-
13 endar year if furnished with such consolidated
14 reporting statement.”.

15 (b) DETERMINATION OF BASIS OF CERTAIN SECURI-
16 TIES ON ACCOUNT BY ACCOUNT OR AVERAGE BASIS
17 METHOD.—Section 1012 is amended—

18 (1) by striking “The basis of property” and in-
19 serting the following:

20 “(a) IN GENERAL.—The basis of property”,

21 (2) by striking “The cost of real property” and
22 inserting the following:

23 “(b) SPECIAL RULE FOR APPORTIONED REAL ES-
24 TATE TAXES.—The cost of real property”, and

1 (3) by adding at the end the following new sub-
2 sections:

3 “(c) DETERMINATIONS BY ACCOUNT.—

4 “(1) IN GENERAL.—In the case of the sale, ex-
5 change, or other disposition of a specified security
6 on or after the applicable date, the conventions pre-
7 scribed by regulations under this section shall be ap-
8 plied on an account by account basis.

9 “(2) APPLICATION TO CERTAIN FUNDS.—

10 “(A) IN GENERAL.—Except as provided in
11 subparagraph (B), any stock for which an aver-
12 age basis method is permissible under section
13 1012 which is acquired before January 1, 2012,
14 shall be treated as a separate account from any
15 such stock acquired on or after such date.

16 “(B) ELECTION FUND FOR TREATMENT AS
17 SINGLE ACCOUNT.—If a fund described in sub-
18 paragraph (A) elects to have this subparagraph
19 apply with respect to one or more of its stock-
20 holders—

21 “(i) subparagraph (A) shall not apply
22 with respect to any stock in such fund held
23 by such stockholders, and

24 “(ii) all stock in such fund which is
25 held by such stockholders shall be treated

1 as covered securities described in section
2 6045(g)(3) without regard to the date of
3 the acquisition of such stock.

4 A rule similar to the rule of the preceding sen-
5 tence shall apply with respect to a broker hold-
6 ing such stock as a nominee.

7 “(3) DEFINITIONS.—For purposes of this sec-
8 tion, the terms ‘specified security’ and ‘applicable
9 date’ shall have the meaning given such terms in
10 section 6045(g).

11 “(d) AVERAGE BASIS FOR STOCK ACQUIRED PURSU-
12 ANT TO A DIVIDEND REINVESTMENT PLAN.—

13 “(1) IN GENERAL.—In the case of any stock ac-
14 quired after December 31, 2010, in connection with
15 a dividend reinvestment plan, the basis of such stock
16 while held as part of such plan shall be determined
17 using one of the methods which may be used for de-
18 termining the basis of stock in an open-end fund.

19 “(2) TREATMENT AFTER TRANSFER.—In the
20 case of the transfer to another account of stock to
21 which paragraph (1) applies, such stock shall have
22 a cost basis in such other account equal to its basis
23 in the dividend reinvestment plan immediately before
24 such transfer (properly adjusted for any fees or

1 other charges taken into account in connection with
2 such transfer).

3 “(3) SEPARATE ACCOUNTS; ELECTION FOR
4 TREATMENT AS SINGLE ACCOUNT.—Rules similar to
5 the rules of subsection (c)(2) shall apply for pur-
6 poses of this subsection.

7 “(4) DIVIDEND REINVESTMENT PLAN.—For
8 purposes of this subsection—

9 “(A) IN GENERAL.—The term ‘dividend re-
10 investment plan’ means any arrangement under
11 which dividends on any stock are reinvested in
12 stock identical to the stock with respect to
13 which the dividends are paid.

14 “(B) INITIAL STOCK ACQUISITION TREAT-
15 ED AS ACQUIRED IN CONNECTION WITH
16 PLAN.—Stock shall be treated as acquired in
17 connection with a dividend reinvestment plan if
18 such stock is acquired pursuant to such plan or
19 if the dividends paid on such stock are subject
20 to such plan.”.

21 (c) INFORMATION BY TRANSFERORS TO AID BRO-
22 KERS.—

23 (1) IN GENERAL.—Subpart B of part III of
24 subchapter A of chapter 61 is amended by inserting
25 after section 6045 the following new section:

1 **“SEC. 6045A. INFORMATION REQUIRED IN CONNECTION**
2 **WITH TRANSFERS OF COVERED SECURITIES**
3 **TO BROKERS.**

4 “(a) FURNISHING OF INFORMATION.—Every applica-
5 ble person which transfers to a broker (as defined in sec-
6 tion 6045(c)(1)) a security which is a covered security (as
7 defined in section 6045(g)(3)) in the hands of such appli-
8 cable person shall furnish to such broker a written state-
9 ment in such manner and setting forth such information
10 as the Secretary may by regulations prescribe for purposes
11 of enabling such broker to meet the requirements of sec-
12 tion 6045(g).

13 “(b) APPLICABLE PERSON.—For purposes of sub-
14 section (a), the term ‘applicable person’ means—

15 “(1) any broker (as defined in section
16 6045(c)(1)), and

17 “(2) any other person as provided by the Sec-
18 retary in regulations.

19 “(c) TIME FOR FURNISHING STATEMENT.—Except
20 as otherwise provided by the Secretary, any statement re-
21 quired by subsection (a) shall be furnished not later than
22 15 days after the date of the transfer described in such
23 subsection.”.

24 (2) ASSESSABLE PENALTIES.—Paragraph (2)
25 of section 6724(d), as amended by the Housing As-
26 sistance Tax Act of 2008, is amended by redesignig-

1 nating subparagraphs (I) through (DD) as subpara-
2 graphs (J) through (EE), respectively, and by in-
3 serting after subparagraph (H) the following new
4 subparagraph:

5 “(I) section 6045A (relating to information
6 required in connection with transfers of covered
7 securities to brokers),”.

8 (3) CLERICAL AMENDMENT.—The table of sec-
9 tions for subpart B of part III of subchapter A of
10 chapter 61 is amended by inserting after the item
11 relating to section 6045 the following new item:

“Sec. 6045A. Information required in connection with transfers of covered se-
curities to brokers.”.

12 (d) ADDITIONAL ISSUER INFORMATION TO AID BRO-
13 KERS.—

14 (1) IN GENERAL.—Subpart B of part III of
15 subchapter A of chapter 61, as amended by sub-
16 section (b), is amended by inserting after section
17 6045A the following new section:

18 **“SEC. 6045B. RETURNS RELATING TO ACTIONS AFFECTING**
19 **BASIS OF SPECIFIED SECURITIES.**

20 “(a) IN GENERAL.—According to the forms or regu-
21 lations prescribed by the Secretary, any issuer of a speci-
22 fied security shall make a return setting forth—

1 “(1) a description of any organizational action
2 which affects the basis of such specified security of
3 such issuer,

4 “(2) the quantitative effect on the basis of such
5 specified security resulting from such action, and

6 “(3) such other information as the Secretary
7 may prescribe.

8 “(b) TIME FOR FILING RETURN.—Any return re-
9 quired by subsection (a) shall be filed not later than the
10 earlier of—

11 “(1) 45 days after the date of the action de-
12 scribed in subsection (a), or

13 “(2) January 15 of the year following the cal-
14 endar year during which such action occurred.

15 “(c) STATEMENTS TO BE FURNISHED TO HOLDERS
16 OF SPECIFIED SECURITIES OR THEIR NOMINEES.—Ac-
17 cording to the forms or regulations prescribed by the Sec-
18 retary, every person required to make a return under sub-
19 section (a) with respect to a specified security shall furnish
20 to the nominee with respect to the specified security (or
21 certificate holder if there is no nominee) a written state-
22 ment showing—

23 “(1) the name, address, and phone number of
24 the information contact of the person required to
25 make such return,

1 “(2) the information required to be shown on
2 such return with respect to such security, and

3 “(3) such other information as the Secretary
4 may prescribe.

5 The written statement required under the preceding sen-
6 tence shall be furnished to the holder on or before January
7 15 of the year following the calendar year during which
8 the action described in subsection (a) occurred.

9 “(d) SPECIFIED SECURITY.—For purposes of this
10 section, the term ‘specified security’ has the meaning given
11 such term by section 6045(g)(3)(B). No return shall be
12 required under this section with respect to actions de-
13 scribed in subsection (a) with respect to a specified secu-
14 rity which occur before the applicable date (as defined in
15 section 6045(g)(3)(C)) with respect to such security.

16 “(e) PUBLIC REPORTING IN LIEU OF RETURN.—The
17 Secretary may waive the requirements under subsections
18 (a) and (c) with respect to a specified security, if the per-
19 son required to make the return under subsection (a)
20 makes publicly available, in such form and manner as the
21 Secretary determines necessary to carry out the purposes
22 of this section—

23 “(1) the name, address, phone number, and
24 email address of the information contact of such
25 person, and

1 “(2) the information described in paragraphs
2 (1), (2), and (3) of subsection (a).”.

3 (2) ASSESSABLE PENALTIES.—

4 (A) Subparagraph (B) of section
5 6724(d)(1), as amended by the Housing Assist-
6 ance Tax Act of 2008, is amended by redesignig-
7 nating clause (iv) and each of the clauses which
8 follow as clauses (v) through (xxiii), respec-
9 tively, and by inserting after clause (iii) the fol-
10 lowing new clause:

11 “(iv) section 6045B(a) (relating to re-
12 turns relating to actions affecting basis of
13 specified securities),”.

14 (B) Paragraph (2) of section 6724(d), as
15 amended by the Housing Assistance Tax Act of
16 2008 and by subsection (c)(2), is amended by
17 redesignating subparagraphs (J) through (EE)
18 as subparagraphs (K) through (FF), respec-
19 tively, and by inserting after subparagraph (I)
20 the following new subparagraph:

21 “(J) subsections (c) and (e) of section
22 6045B (relating to returns relating to actions
23 affecting basis of specified securities),”.

24 (3) CLERICAL AMENDMENT.—The table of sec-
25 tions for subpart B of part III of subchapter A of

1 chapter 61, as amended by subsection (b)(3), is
2 amended by inserting after the item relating to sec-
3 tion 6045A the following new item:

“Sec. 6045B. Returns relating to actions affecting basis of specified securi-
ties.”.

4 (e) EFFECTIVE DATE.—

5 (1) IN GENERAL.—Except as otherwise pro-
6 vided in this subsection, the amendments made by
7 this section shall take effect on January 1, 2011.

8 (2) EXTENSION OF PERIOD FOR STATEMENTS
9 SENT TO CUSTOMERS.—The amendments made by
10 subsection (a)(3) shall apply to statements required
11 to be furnished after December 31, 2008.

12 **SEC. 404. 0.2 PERCENT FUTA SURTAX.**

13 (a) IN GENERAL.—Section 3301 (relating to rate of
14 tax) is amended—

15 (1) by striking “through 2008” in paragraph
16 (1) and inserting “through 2009”, and

17 (2) by striking “calendar year 2009” in para-
18 graph (2) and inserting “calendar year 2010”.

19 (b) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to wages paid after December 31,
21 2008.

22 **SEC. 405. INCREASE AND EXTENSION OF OIL SPILL LIABIL-**
23 **ITY TRUST FUND TAX.**

24 (a) INCREASE IN RATE.—

1 (1) IN GENERAL.—Section 4611(c)(2)(B) (re-
2 relating to rates) is amended by striking “is 5 cents
3 a barrel.” and inserting “is—

4 “(i) in the case of crude oil received
5 or petroleum products entered before Jan-
6 uary 1, 2017, 8 cents a barrel, and

7 “(ii) in the case of crude oil received
8 or petroleum products entered after De-
9 cember 31, 2016, 9 cents a barrel.”.

10 (2) EFFECTIVE DATE.—The amendment made
11 by this subsection shall apply on and after the first
12 day of the first calendar quarter beginning more
13 than 60 days after the date of the enactment of this
14 Act.

15 (b) EXTENSION.—

16 (1) IN GENERAL.—Section 4611(f) (relating to
17 application of Oil Spill Liability Trust Fund financ-
18 ing rate) is amended by striking paragraphs (2) and
19 (3) and inserting the following new paragraph:

20 “(2) TERMINATION.—The Oil Spill Liability
21 Trust Fund financing rate shall not apply after De-
22 cember 31, 2017.”.

23 (2) CONFORMING AMENDMENT.—Section
24 4611(f)(1) is amended by striking “paragraphs (2)
25 and (3)” and inserting “paragraph (2)”.

1 (3) EFFECTIVE DATE.—The amendments made
2 by this subsection shall take effect on the date of the
3 enactment of this Act.